

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: <u>Charter Township of Canton</u>	County <u>Wayne</u>
Audit Date <u>December 31, 2004</u>	Opinion Date <u>April 1, 2005</u>	Date Accountant Report Submitted To State: <u>June 30, 2005</u>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Certified Public Accountant (Firm Name): Plante & Moran, PLLC			
Street Address <u>27400 Northwestern Highway</u>	City <u>Southfield</u>	State <u>MI</u>	ZIP <u>48034</u>
Accountant Signature 			

Charter Township of Canton Wayne County, Michigan

Comprehensive Annual Financial Report with Supplemental Information December 31, 2004

Supervisor

Thomas J. Yack

Clerk

Terry Bennett

Treasurer

Elaine J. Kirchgatter

Trustees

Melissa McLaughlin

Todd Caccamo

Karl Zarbo

Todd Lajoy

Finance Director

Anthony Minghine

Charter Township of Canton

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May 5, 2005

To the Board of Trustees and Citizens
Charter Township of Canton
Wayne County, Michigan

This letter serves to formally transmit to the Board of Trustees the Comprehensive Annual Financial Report for the 2004 fiscal year. This report was prepared by the Finance and Budget Department. Responsibility for the accuracy, completeness and fairness of the data herein including all disclosures rests with the Charter Township. We would ask that the Board review and accept this report, which details the Township of Canton's financial condition.

Business, Industry, and Commercial

2004 was a good year for industrial development. The Michigan Avenue corridor saw a number of existing buildings leased for the first time. Four buildings were constructed in The Quadrant Industrial Park. The largest industrial building constructed in the corridor was the 40,000 sq. ft. Repair Clinic.com headquarters/warehouse.

The northeast industrial area witnessed new leases for four buildings. Each had remained empty for some time. There is additional interest in the area as witnessed by decisions by Materials Sciences Corporation and Lotus International to construct new buildings on Commerce Blvd.

Three office buildings were constructed. Each will house a single tenant. 2005 should see additional office construction.

The decision by IKEA to locate its only Michigan store in Canton has ignited the retail/commercial market. Land prices have soared and a number of national retailers are pursuing pads and parcels for new stores. Completed in 2005 was The Willow Creek Center, a redevelopment of a closed HQ. The completed center includes six national retailers and Panera Bread in a stand-alone building. Joann's and Target announced plans to expand their stores. Redevelopment is expected on the Center Stage parcel while Canton Cinema completed a remodeling and expansion of their site on Ford Road. Although Franks Nursery and Crafts closed all of its stores, it is

likely that the site will be redeveloped in the next year. A number of retail buildings were constructed off Ford Road. They include a retail center near Michigan Avenue and a couple of stand-alone structures in the Canton Center corridor.

Public Facilities

2004 marked the completion of two important public structures, the remodeled and expanded Canton Administration Building and the Village Theater at Cherry Hill. Both projects were overseen by Canton staff, The George Auch Company and TMP Architects. The Village Theater opened in September to large audiences. A full year of programs and concerts was planned to measure the interests of Canton residents. The administration building not only provides staff with a professional work environment, but also affords the public use of its seven new meeting rooms.

Residential Development

2004 was a very active year for residential development. In fact, it was one of the most active. Over 1,100 new homes and condominiums were constructed. Cherry Hill Village continues to receive state and national attention for its award-winning design. Well over 400 homes are now occupied and two new large phases are underway. Uptown, the apartment phase of Cherry Hill saw the construction of over 250 units. The retail liner buildings were nearing completion. Vintage Valley was nearing completion and sales were brisk in Antique Forest, where new homes feature garages located at the rear of the home, thereby permitting exceptional front elevations. Westchester and Charring Cross subdivisions experienced strong sales. The Geddes Road corridor is Canton's fastest-growing area. Apartments and condominium projects are plentiful and sales were strong. The most striking homes in Canton located in Hampton Ridge North were selling extremely well.

Achievements

Web development has produced one of the most robust local government sites in Michigan. The Finance Department continues to be recognized for outstanding financial reporting. Canton Cable Television continues to rack up awards for outstanding programming. They won another four awards this past year. And once again Canton was recognized as one of America's safest communities. Canton is now the 14th safest community in the United States.

Budgeting

The Canton Board of Trustees adopts an annual budget in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978. The Charter Township's fiscal year is January through December. The annual budget is adopted each October for the subsequent year. Budgetary controls include the fact that expenditures cannot exceed revenues for the year plus beginning fund balance. An encumbrance system is in place to ensure that this control is not violated. In addition, the Board of Trustees must approve all budget amendments made throughout the fiscal year. Transfers within a fund may be approved by the Township Supervisor, except for

changes to capital or personnel. These changes require board approval regardless of the amount. Adequate internal controls are an important aspect of the financial system for the Charter Township. An Internal Control Committee is comprised of the Treasurer, the Director of Finance and Budget, both Finance and Budget Accountants, and the Deputy Treasurer. This committee establishes and reviews internal controls to ensure accountability, reliability, and accuracy.

Pension and Postemployment Benefits

Our pension program is administered and handled by private insurance companies, Retirement Funding/Schwab and the Municipal Employees Retirement System (MERS). The Charter Township has both a defined contribution plan and a defined benefit program. It is mandatory for employees to contribute 5 percent of their base pay and, beginning in July 1993, the Charter Township matches it with 15 percent for the defined contribution plan. There is a pension committee comprised of the Treasurer, Administrative Services Director, an accountant from the Finance and Budget Department, and one member of each of the union and nonunion groups.

A fund was created in 1997 to account for retiree health insurance premium costs. It is anticipated that the investments in this fund will provide for future health care benefit costs for retired Charter Township employees.

Component Units

The Charter Township of Canton Building Authority is governed by a board that is appointed by the Charter Township Supervisor. Although it is legally separate from the Charter Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Charter Township's public buildings. Included in the financial statements is the Charter Township's discretely presented component unit, the Downtown Development Authority (DDA). The DDA captures tax revenues that are used to fund improvements to the downtown area.

Cash Management

The Charter Township's investment policies follow the legal requirements of municipalities covered under Michigan Public Act No. 20 of 1943, as amended December 1997. We maximize the use of funds and ultimately try to increase the return of our dollars while minimizing risk. Investments are placed with institutions that are deemed to provide minimal risk to Charter Township assets. Our investment portfolio consists of U.S. Treasury and other obligations of the U.S. and its agencies, certificates of deposit, commercial paper, and authorized pooled funds, in compliance with the Charter Township's investment policy and Public Act 20 as amended.

Risk Management

Canton Township is a member of the Michigan Municipal Risk Management Authority (MMRMA). The MMRMA is a self-insured association with a membership of approximately 1,170 Michigan local government units. It provides risk management, claims administration, legal defense, and reinsurance services for its members. As a member of MMRMA, Canton has liability coverage of up to \$15,000,000 per occurrence. Our self-insured retention for liability is \$250,000 per occurrence. We are actively involved in risk control through supervisory and employee training, facilities inspections, and utilization of the MMRMA Risk Control staff. The Charter Township is also self-insured for our workers' compensation coverage. We utilize Alexis as a third-party administrator of our workers' compensation program. Working with the Alexis professional staff, we conduct an active risk management program with regard to reducing on-the-job injuries. This program includes safety training, employee safety committees, wellness programs, employee fitness programs, safety inspections, and aggressive claims management.

Independent Audit

State law requires an annual audit of the Charter Township's financial records and transactions by an independent certified accountant. This has been done for Canton Township by Plante & Moran, PLLC. They have given the Charter Township an "unqualified opinion," which is the best opinion an organization can receive on its financial statements. This indicates that Plante & Moran, PLLC has found nothing to cause them to believe that the financial statements are not fairly stated in all material respects.

A single audit was also performed by Plante & Moran, PLLC and is under separate cover.

Awards and Recognitions

Canton's strengths continue to be exceptional strategic planning, as well as strong financial management; sound finances with surpluses and reasonable fund balances produced by prudent expenditures; and a strong local economy, low tax rates, and an outstanding bond rating. For the 12th consecutive year, the Charter Township has achieved national recognition from the Government Finance Officers Association (GFOA). Canton received GFOA's Certificate of Achievement for Excellence in Financial Reporting for Canton's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003.

Acknowledgments

I would like to take this opportunity to thank all those who assisted in the preparation of this document, especially the Finance and Budget staff. Its completion represents the hard work of many individuals, without whom it would not be possible to present this report. Their professionalism and expertise is greatly appreciated by the organization. Given the extraordinary growth of Canton, the demands placed on our Finance Department have increased dramatically, but we continue to provide an extremely high level of service. I would also like to express my appreciation to the Township Board for their continued support of the Finance and Budget Department.

Conclusion

In spite of the difficult economic times facing the State of Michigan, Canton continues to offer its residents an outstanding array of services. Canton continues to be attractive to those seeking an existing home or new home. Because of another strong year, Canton is poised to top \$4 billion in State Equalization in the next year. I am pleased to report that our financial condition remains strong as we approach 2005.

Readers may also want to refer to the management's discussion and analysis for further information.

Sincerely,



Thomas J. Yack
Canton Supervisor



Anthony J. Minghine
Director of Finance and Budget

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charter Township of Canton,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

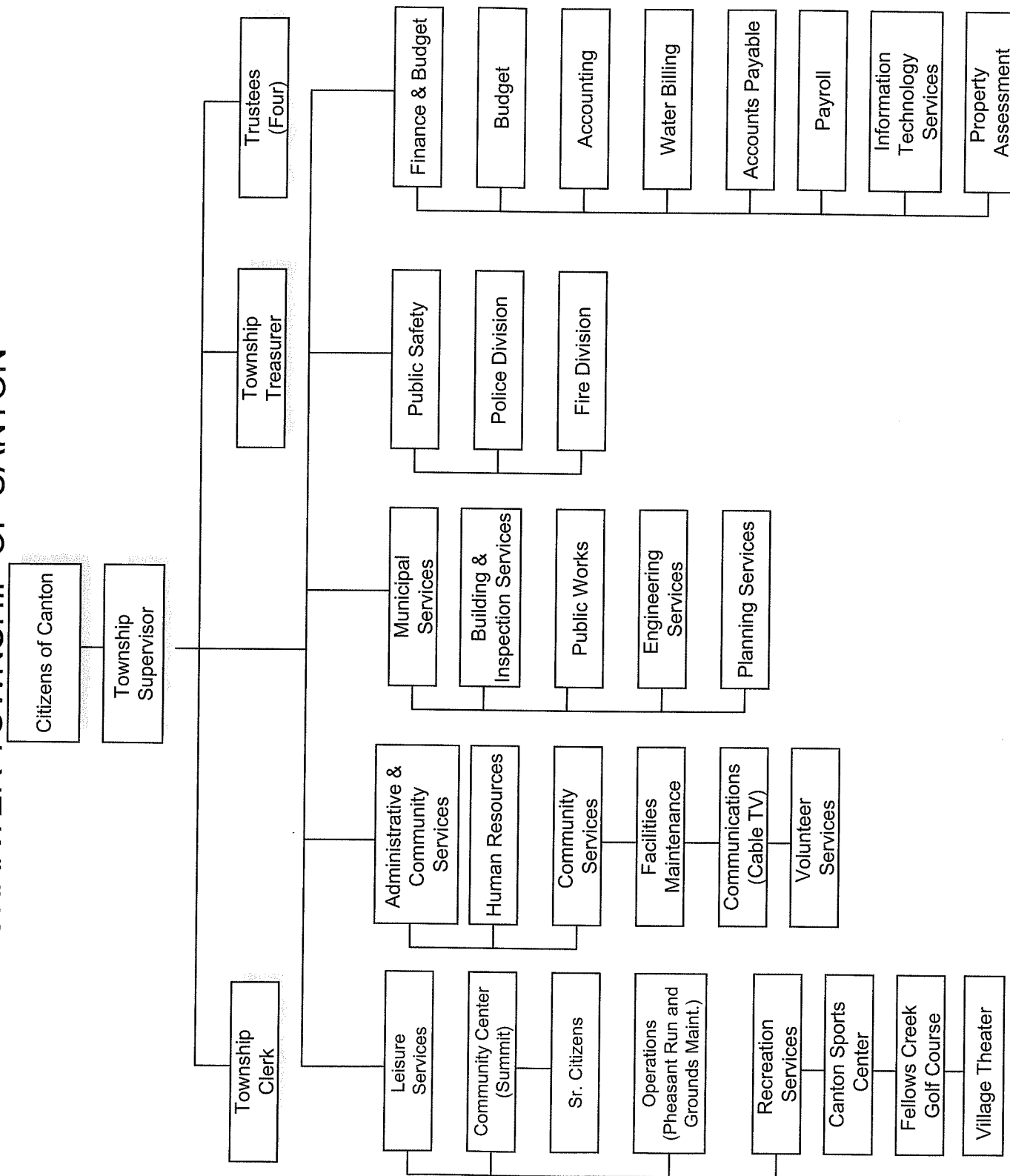
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CHARTER TOWNSHIP OF CANTON



Charter Township of Canton

List of Principal Officials as of December 31, 2004

Supervisor's Office

Supervisor	Thomas Yack
------------	-------------

Clerk's Office

Clerk	Terry G. Bennett
Deputy Clerk	Pam Popejoy

Treasurer's Office

Treasurer	Elaine Kirchgatter
Assistant Deputy Treasurer	Bruce Malinczak

Finance and Budget Division

Director	Anthony J. Minghine
Accounting Manager	Karen H. Fox
Budget & Water Billing Manager	John Spencer
Information Technology Manager	Bradford Thompson

Administrative and Community Services Division

Director	Daniel Durack
Human Resource Manager	David Medley
Community Services Manager	Michael Ager
Maintenance Supervisor	Bob Jenkins

Municipal Services Department

Director	Timothy Faas
Building Official	John Weyer
Township Engineer	Thomas Casari
Community Planner	Jeffrey Goulet
Public Works Superintendent	Joseph Teramino

Leisure Services Department

Director	Ann Conklin
Chief of Recreation and Facilities	Debra Bilbrey-Honsowetz
Chief of Parks	Brad Sharp

Public Safety Department

Director	John Santomauro
Police Captain	Alexander Wilson
Police Captain	Laura Golles
Fire Chief	Michael Rorabacher
Fire Marshal	Frank Barrett

Charter Township of Canton

Labor Agreements as of December 31, 2004

Bargaining Unit	Expiration Date	Number of Employees
Police Officers Labor Council:		
Police captains	12/31/05	2
Sergeants and lieutenants	12/31/05	15
Police Officers Association of Michigan - Represents police officers and dispatchers	06/30/04	80 *
International Association of Firefighters - Represents firefighters	06/30/04	56 *
Technical, Professional, and Officeworkers Association of Michigan - Represents clerical employees	12/31/04	69
American Federation of State, County, and Municipal Employees - Represents public works employees, facilities maintenance employees, building inspectors, and ordinance officers	03/31/04	<u>64</u> *
Total		<u><u>286</u></u>

* New contracts were not finalized as of December 31, 2004

Charter Township of Canton

Summary of Personnel - Budgeted Positions as of December 31, 2004

	Full-time	Part-time
Supervisor's Office	2	-
Economic Development	1	-
Clerk's Office	6	-
Treasurer's Office	6	-
Finance and Budget:		
Finance	12	-
Utility Billing	5	-
Information Technology Systems	8	-
Administrative Services:		
Director's Office	3	-
Human Resources	5	-
Community Services	4	1
Facilities Maintenance	16	3
Cable Television	3	3
Municipal Services:		
Director's Office	5	-
Building and Inspection Services	23	1
Engineering Services	16	-
Planning Services	7	-
Public Works	33	9
Leisure Services:		
Director's Offices	4	-
Parks Division	12	-
Summit Community Center	8	-
Pheasant Run Golf Course	3	-
Parks and Recreation	10	-
Softball Center	2	-
Performing Arts	1	-
Public Safety:		
Fire	68	-
Police	110	-
Total budgeted employees	<u>373</u>	<u>17</u>

Charter Township of Canton

Fund Organization Chart

<u>Fund Name</u>	<u>Fund Number</u>
Governmental Funds	
General Fund	101
Special Revenue Funds	
Police	207
Fire	206
Public Improvement	245
Community Improvement	246
Special Investigation	266, 267, & 289
Community Center	208
Street Lighting	219
Community Development Block Grant	274
Cable TV	230
911 Service	261
Debt Service Funds	
Palmer Road Paving	863
Building Authority	369
North Haggerty Storm	853
North Haggerty Paving	862
Beck Road Paving	864
South Haggerty Paving	865
Kopernick Corporate Park Paving	852
Tonquish Creek Storm Sewer	854
Lotz Road Paving	874
Denton Road Paving	876
Capital Projects Funds	
Road Paving	403
Building Authority Construction	469
Building Construction	402
Saltz Road Paving	803
Beck Road Paving	814
Lotz Road Paving	804
Kopernick Corporate Park Paving	812
Cherry Hill Road	815

Charter Township of Canton

Fund Organization Chart (Continued)

Fund Name	Fund Number
Proprietary Fund	
Enterprise Fund	
Water and Sewer	592
Golf Course	584
Fiduciary Funds	
Trust and Agency Funds	
Tax Collections	703
Other Agency	701-702
Postemployment Benefits	736



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plantemoran.com

Independent Auditor's Report

To the Township Board
Charter Township of Canton

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of and for the year ended December 31, 2004, which collectively comprise the Charter Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Charter Township of Canton. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of December 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

A member of



A worldwide association of independent accounting firms



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To the Township Board
Charter Township of Canton

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Canton's basic financial statements. The accompanying introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2005 on our consideration of the Charter Township of Canton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plante & Moran, PLLC

April 1, 2005

Charter Township of Canton

Management's Discussion and Analysis

Overview of the Financial Statements

Canton's 2004 annual report is presented in conformity with the requirements of GASB 34, as it was in 2003. This annual report consists of five parts - management's discussion and analysis, the basic financial statements, required supplementary information, other supplemental information, which presents combining statements for nonmajor governmental funds and fiduciary funds, and a statistical section. The basic financial statements include two kinds of statements that present different views of the Charter Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Charter Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Charter Township's government, reporting the Charter Township's operations in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the Charter Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Charter Township's net assets and how they have changed. Net assets, the difference between the Charter Township's assets and liabilities, are one way to measure the Charter Township's financial health or position.

The government-wide financial statements of the Charter Township are divided into three categories:

- **Governmental Activities** - Most of the Charter Township's basic services are included here, such as the police, fire, public works, leisure services, and general administration. Property taxes, state-shared revenue, charges for services, and two special operating millages provide most of the funding.
- **Business-type Activities** - The Charter Township charges fees to customers to help it cover the costs of certain services it provides. The Charter Township's water and sewer system and golf operations are treated as business-type activities.
- **Component Units** - The Charter Township includes two other entities in its report, the Canton Downtown Development Authority and the Economic Development Authority. Although legally separate, these "component units" are important because the Charter Township is financially accountable for them, including debt, which was issued on behalf of the authorities by the Charter Township.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the Charter Township's most significant funds - not the Charter Township as a whole. Funds are accounting devices that the Charter Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and bond covenants. The Charter Township Board establishes other funds to control and manage money for particular purposes.

The Charter Township has three types of funds:

- **Governmental Funds** - Most of the Charter Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter Township's programs.
- **Proprietary Funds** - Services for which the Charter Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information.
- **Fiduciary Funds** - The Charter Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Charter Township's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the Charter Township's government-wide financial statements because the Charter Township cannot use these assets to finance its operations.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

Financial Overview

The Charter Township has combined total net assets of \$217.1 million. This is an increase over 2003 of \$4.6 million. Business-type activities comprise \$146.1 million, and governmental activities make up \$71 million of the total net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets						
Current and other assets	\$ 64,695,649	\$ 67,002,883	\$ 36,718,803	\$ 34,940,519	\$ 101,414,452	\$ 101,943,402
Capital assets and investments in joint ventures	89,595,522	76,946,584	123,271,694	119,915,161	212,867,216	196,861,745
Total assets	154,291,171	143,949,467	159,990,497	154,855,680	314,281,668	298,805,147
Liabilities						
Current liabilities	35,639,544	31,129,365	4,984,923	4,582,401	40,624,467	35,711,766
Long-term liabilities	47,634,555	41,166,514	8,877,137	9,392,972	56,511,692	50,559,486
Total liabilities	83,274,099	72,295,879	13,862,060	13,975,373	97,136,159	86,271,252
Net Assets						
Invested in capital assets -						
Net of related debt	41,737,768	42,163,530	88,244,363	85,264,716	129,982,131	127,428,246
Restricted:						
Police and fire	9,798,077	8,932,760	-	-	9,798,077	8,932,760
Western Wayne Criminal Investigation	935,983	941,992	-	-	935,983	941,992
Street lighting	3,136	54,588	-	-	3,136	54,588
Community Development Block Grant	-	12,216	-	-	-	12,216
911 activities	863,911	696,593	-	-	863,911	696,593
Debt service	2,088,613	1,442,164	11,463	11,612	2,100,076	1,453,776
Unrestricted	15,589,584	17,409,745	57,872,611	55,603,979	73,462,195	73,013,724
Total net assets	<u>\$ 71,017,072</u>	<u>\$ 71,653,588</u>	<u>\$ 146,128,437</u>	<u>\$ 140,880,307</u>	<u>\$ 217,145,509</u>	<u>\$ 212,533,895</u>

The most significant change was an increase in the assets of the governmental activities. The primary source of the increase was related to completing construction of the administration building and construction of the performing arts center. In addition, Denton Road and Fire Station 3 were under construction in 2004. Long-term liabilities of the governmental activities are up due to debt issuance related to Fire Station 3 and Denton Road. Other changes are minimal and balances are fairly consistent with last year.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets for 2004 and 2003:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenue						
Program revenue:						
Charges for services	\$ 8,318,904	\$ 8,507,624	\$ 26,240,769	\$ 25,106,896	\$ 34,559,673	\$ 33,614,520
Operating grants and contributions	1,794,831	1,449,704	-	-	1,794,831	1,449,704
Capital grants and contributions	5,565,856	1,063,128	4,341,542	2,411,816	9,907,398	3,474,944
General revenue:						
Property taxes	5,988,123	4,740,395	-	-	5,988,123	4,740,395
Public safety operating levy	18,872,962	17,986,859	-	-	18,872,962	17,986,859
State-shared revenue	6,034,910	6,310,027	-	-	6,034,910	6,310,027
Franchise fees and royalties	1,241,583	1,726,009	-	-	1,241,583	1,726,009
Investment earnings	626,011	924,482	423,662	692,734	1,049,673	1,617,216
Miscellaneous	3,925,025	139,622	198,117	55,920	4,123,142	195,542
Total revenue	52,368,205	42,847,850	31,204,090	28,267,366	83,572,295	71,115,216
Program Expenses						
General government	7,871,063	6,673,059	-	-	7,871,063	6,673,059
Public safety	18,300,773	18,528,734	-	-	18,300,773	18,528,734
Public works	11,121,653	6,578,119	-	-	11,121,653	6,578,119
Building, planning, and engineering	3,679,756	3,803,120	-	-	3,679,756	3,803,120
Culture and recreation	8,405,420	6,520,210	-	-	8,405,420	6,520,210
Sanitation	2,432,446	2,156,849	-	-	2,432,446	2,156,849
Interest on long-term debt	649,025	539,567	-	-	649,025	539,567
Water and sewer	-	-	24,247,381	21,076,221	24,247,381	21,076,221
Golf course	-	-	2,253,164	2,157,744	2,253,164	2,157,744
Total program expenses	52,460,136	44,799,658	26,500,545	23,233,965	78,960,681	68,033,623
Excess of Revenue Over (Under) Expenses - Before transfers and special item	(91,931)	(1,951,808)	4,703,545	5,033,401	4,611,614	3,081,593
Special Item - Gain (loss) on sale of assets	-	-	-	(2,384,554)	-	(2,384,554)
Transfers	(544,585)	(520,761)	544,585	520,761	-	-
Change in Net Assets	(636,516)	(2,472,569)	5,248,130	3,169,608	4,611,614	697,039
Net Assets - Beginning of year	71,653,588	74,126,157	140,880,307	137,710,699	212,533,895	211,836,856
Net Assets - End of year	<u>\$ 71,017,072</u>	<u>\$ 71,653,588</u>	<u>\$ 146,128,437</u>	<u>\$ 140,880,307</u>	<u>\$ 217,145,509</u>	<u>\$ 212,533,895</u>

Governmental Activities

Revenues for governmental activities totaled \$52.4 million in 2004. A total of \$6.0 million was in the form of property tax collections, an increase of \$1.3 million over 2003. This increase reflects a change in the general operating millage from 1.71 mills to 2.00 mills, as well as a significant increase in taxable value of \$277 million. The police and fire special assessment millage generated \$18.9 million. State-shared revenues continue to be of concern. They provided \$6.0 million, but we are still uncertain what will happen in 2005. The State budget continues to be in crisis. It does appear at this time that State-shared revenues will be flat in 2005. The amount received in 2004 was \$300,000 less than 2003. Charges for services, primarily for inspections, generated \$8.3 million. Miscellaneous was up sharply to \$3.9 million. This is primarily due to land sale of surplus property to a private developer for over \$3 million.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

Business-type Activities

The Charter Township has two business-type activities. These include the water and sewer operations, and the operating fund for the Pheasant Run and Fellows Creek golf courses. Revenues for business-type activities were \$31.2 million. Just over \$2.0 million was attributable to golf operations. The Charter Township owns two golf courses. The Pheasant Run course is operated by the Charter Township and is an upscale public course. Operating revenues were impacted in 2004 as in 2003 by poor weather throughout the season. We also believe that an influx of new courses may be affecting operating results. Fellows Creek is leased to an operator, and the lessee pays a fixed fee to the Charter Township. The amount received in 2004 was \$400,000.

The water and sewer operation is much larger. Water is provided to the Charter Township residents via the Detroit Water and Sewer Department. Sewage treatment is provided by contracts with the Western Township Utility Authority, Wayne County, and the Ypsilanti Community Utility Authority. The Charter Township is participating in a WTUA/YCUA project to expand the YCUA treatment facilities to ensure continued sewage treatment services for the community. This project is 80 percent complete at this time and remains on budget. It is slated to be complete by late August 2005.

Current Economic Events

The Charter Township continues to experience good growth in the community. This is seen in a continually strong housing market, as well as significant retail projects. Our State Equalized Value (SEV) is now \$3.954 billion, which is \$698 million more than our taxable value. This is significant because in Michigan, taxes are based on taxable value, not SEV.

Revenue sharing remains to be the most significant budgetary concern at this time. The State of Michigan is experiencing significant structural budget problems, and as they look for solutions, revenue sharing has dwindled. The governor's current budget calls for a level funding for state revenue-sharing payments. These levels continue to be below earlier levels. Our continued growth does provide additional tax revenue but further stretches the State dollars. The Charter Township raised the local operating millage to 2.36 mills for 2005. This increase of .36 mills is not slated for operation, but is targeted at improving road intersections in the community. Our five-year strategic plan helps to guide the community and serve as our operating plan. This plan will serve as our guide as we develop future budget and strategies.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

Financial Analysis of Township Funds and Budgets

The General Fund ended 2004 with a fund balance of \$3.35 million, with \$156,840 reserved for encumbrances. A total of \$900,000 of this drawdown of fund balance was planned. In addition, State-shared revenue was \$600,000 below projections. This was a direct result of the State's continued structural budget problems and the state's economy. Tax revenue was up due to increased taxable value and an increased millage rate. Tax collections were \$6.0 million for 2004. This is an increase of \$1.2 million over 2003. Investment income was down over \$300,000 from last year. Expenditures were below expectations (\$2.34 million below final budget). This is reflective of amendments to include projects that were not completed.

The General Fund budget is amended throughout the year as deemed necessary. This is primarily done to prevent overexpenditures. With that in mind, the General Fund expenditures were 91 percent of budget. With the exception of the previously mentioned projects, no major General Fund areas were significantly under or over budget.

Police and fire operations are funded separately through special assessment millages. These funds are expended exclusively for operations of police and fire, respectively. Police fund balance is down from last year as a result of costs incurred due to the construction of the police station. Fire fund balance is up from last year due to the issuance of debt incurred to construct a new fire station.

Capital

The Charter Township continued several capital projects in 2004. The Administration and Public Safety Buildings were 99 percent completed as of year end. New debt in the amount of \$23 million was issued to finance the administration/public safety building and the new performing arts center. The Performing Arts Center was 99 percent completed at year end. The Fire Station 3 project was started in 2004 on the Denton Road intersection. This project was 30 percent completed at year end. Readers of this report should refer to the notes section for more detailed information regarding long-term debt and capital. In addition, the Charter Township extended Denton Road. This additional project was part of a Planned Development District and was funded using a variable rate bond. This instrument was chosen for its flexibility and ability to sell it well.

Contact Us

This report is intended to aid our residents and other interested parties in understanding the Charter Township's financial condition. Should you have further questions, please contact the Finance and Budget Department at the Canton Administration Building.

Charter Township of Canton

Statement of Net Assets December 31, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 24,639,723	\$ 2,242,628	\$ 26,882,351	\$ 3,696,046
Investments (Note 3)	14,659,673	29,357,464	44,017,137	-
Receivables - Net:				
Property taxes	14,448,557	-	14,448,557	909,007
Customers	-	4,696,992	4,696,992	-
Special assessments	3,377,702	-	3,377,702	-
Accrued interest and other receivables	347,007	199,400	546,407	-
Internal balances	570,580	(570,580)	-	-
Due from other governmental units	2,726,922	21,381	2,748,303	591,385
Other assets	1,859,332	57,982	1,917,314	-
Inventories	-	713,536	713,536	-
Restricted assets (Note 8)	2,066,153	156,450	2,222,603	-
Investment in joint venture (Note 14):				
35th District Courthouse Authority	2,861,298	-	2,861,298	-
Western Townships Utilities Authority (WTUA)	-	26,139,631	26,139,631	-
Capital lease receivable	5,877,706	-	5,877,706	-
Nondepreciable capital assets (Note 4)	16,647,230	11,568,722	28,215,952	-
Depreciable capital assets - Net (Note 4)	64,209,288	85,406,891	149,616,179	2,309,669
Total assets	154,291,171	159,990,497	314,281,668	7,506,107
Liabilities				
Accounts payable	2,665,846	1,347,973	4,013,819	15,561
Accrued and other liabilities	1,444,470	765,048	2,209,518	8,380
Cash bonds and deposits	2,485,075	2,726,914	5,211,989	-
Current liabilities payable from restricted assets (Note 8)	-	144,988	144,988	-
Unearned revenue (Note 5):				
Special assessments	208,040	-	208,040	-
Property taxes and other	28,836,113	-	28,836,113	1,500,392
Noncurrent liabilities (Note 7):				
Due within one year:				
Bond and other contractual obligations	2,104,195	510,805	2,615,000	145,000
Other long-term obligations	1,037,485	57,529	1,095,014	-
Due in more than one year:				
Bond and other contractual obligations	42,814,555	8,220,445	51,035,000	1,465,000
Other long-term obligations	1,678,320	88,358	1,766,678	-
Total liabilities	83,274,099	13,862,060	97,136,159	3,134,333
Net Assets				
Invested in capital assets - Net of related debt	41,737,768	88,244,363	129,982,131	699,669
Restricted:				
Police and Fire	9,798,077	-	9,798,077	-
Western Wayne Criminal Investigation	935,983	-	935,983	-
Street lighting	3,136	-	3,136	-
911 activities	863,911	-	863,911	-
Debt service	2,088,613	11,463	2,100,076	-
Unrestricted	15,589,584	57,872,611	73,462,195	3,672,105
Total net assets	\$ 71,017,072	\$ 146,128,437	\$ 217,145,509	\$ 4,371,774

Charter Township of Canton

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 7,871,063	\$ 517,566	\$ 541,873	\$ -
Public safety	18,300,773	848,795	909,039	-
Public works	11,121,653	-	-	2,756,173
Building, planning, and engineering	3,679,756	3,099,852	234,023	252,040
Culture and recreation	8,405,420	3,852,691	109,896	2,557,643
Sanitation	2,432,446	-	-	-
Interest on long-term debt	649,025	-	-	-
Total governmental activities	52,460,136	8,318,904	1,794,831	5,565,856
Business-type activities:				
Water and sewer	24,247,381	24,379,294	-	4,341,542
Golf course	2,253,164	1,861,475	-	-
Total primary government	<u>\$ 78,960,681</u>	<u>\$ 34,559,673</u>	<u>\$ 1,794,831</u>	<u>\$ 9,907,398</u>
Component unit - Downtown Development Authority	<u>\$ 596,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes				
Public safety operating levy				
Captured taxes				
State-shared revenues				
Royalties				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in Net Assets				
Net Assets - Beginning of year, as restated (Note 15)				
Net Assets - End of year				

Statement of Activities Year Ended December 31, 2004

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				
Governmental				
Activities	Business-type Activities	Total	Component Unit	
\$ (6,811,624)	\$ -	\$ (6,811,624)	\$ -	
(16,542,939)	-	(16,542,939)	-	
(8,365,480)	-	(8,365,480)	-	
(93,841)	-	(93,841)	-	
(1,885,190)	-	(1,885,190)	-	
(2,432,446)	-	(2,432,446)	-	
(649,025)	-	(649,025)	-	
(36,780,545)	-	(36,780,545)	-	
-	4,473,455	4,473,455	-	
-	(391,689)	(391,689)	-	
(36,780,545)	4,081,766	(32,698,779)	-	
-	-	-	(596,916)	
5,988,123	-	5,988,123	-	
18,872,962	-	18,872,962	-	
-	-	-	1,405,497	
6,034,910	-	6,034,910	-	
1,241,583	-	1,241,583	-	
626,011	423,662	1,049,673	21,456	
3,925,025	198,117	4,123,142	76,995	
(544,585)	544,585	-	-	
36,144,029	1,166,364	37,310,393	1,503,948	
(636,516)	5,248,130	4,611,614	907,032	
71,653,588	140,880,307	212,533,895	3,464,742	
\$ 71,017,072	\$ 146,128,437	\$ 217,145,509	\$ 4,371,774	

Charter Township of Canton

	General	Police	Fire	Public Improvement
Assets				
Cash and cash equivalents (Note 3)	\$ 4,208,643	\$ 5,384,296	\$ 5,442,633	\$ 3,050,315
Investments (Note 3)	2,907,512	4,561,472	5,447,224	-
Receivables - Net:				
Property taxes	4,265,100	6,480,382	3,703,075	-
Special assessments	-	-	-	-
Accrued interest and other receivables	29,709	55,179	29,718	-
Other assets	86,760	52,418	50,481	1,656,000
Due from other funds (Note 6)	2,109,440	-	-	-
Due from other governmental units	1,069,789	19,023	-	-
Restricted assets	-	-	1,505,512	-
Total assets	<u>\$ 14,676,953</u>	<u>\$ 16,552,770</u>	<u>\$ 16,178,643</u>	<u>\$ 4,706,315</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 743,196	\$ 341,392	\$ 406,271	\$ 1,950
Accrued and other liabilities	236,368	372,900	159,200	-
Due to other funds (Note 6)	253,972	1,243,332	826,056	-
Due to other governmental units	11,396	30,413	-	-
Cash bonds and deposits	2,485,075	-	-	-
Deferred revenue (Note 5):				
Special assessments	-	-	-	-
Property taxes and other	7,599,448	12,438,323	7,115,449	1,656,000
Total liabilities	11,329,455	14,426,360	8,506,976	1,657,950
Fund Balances				
Reserved for encumbrances	156,840	30,914	2,699,741	-
Unreserved, reported in:				
General Fund	3,190,658	-	-	-
Special Revenue Funds	-	2,095,496	4,971,926	3,048,365
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Total fund balances	<u>3,347,498</u>	<u>2,126,410</u>	<u>7,671,667</u>	<u>3,048,365</u>
Total liabilities and fund balances	<u>\$ 14,676,953</u>	<u>\$ 16,552,770</u>	<u>\$ 16,178,643</u>	<u>\$ 4,706,315</u>

**Governmental Funds
Balance Sheet
December 31, 2004**

Community Improvement	Community Center	Cable TV	Building Construction	Building Authority Construction	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 94,616	\$ 163,603	\$ 234,322	\$ 397,317	\$ 685,791	\$ 4,978,187	\$ 24,639,723
-	-	1,743,465	-	-	-	14,659,673
-	-	-	-	-	-	14,448,557
-	-	-	-	-	3,377,702	3,377,702
5	-	219,218	-	-	13,178	347,007
-	11,196	2,477	-	-	-	1,859,332
172,524	113,668	-	2,092,900	-	202,225	4,690,757
525,501	386	-	-	-	23,318	1,638,017
-	-	-	-	-	560,641	2,066,153
\$ 792,646	\$ 288,853	\$ 2,199,482	\$ 2,490,217	\$ 685,791	\$ 9,155,251	\$ 67,726,921
\$ 209,504	\$ 142,107	\$ 2,509	\$ 213,370	\$ -	\$ 605,547	\$ 2,665,846
-	41,420	4,109	-	-	103,480	917,477
-	58,595	78,808	605,099	406,439	647,876	4,120,177
-	146	-	-	-	250	42,205
-	-	-	-	-	-	2,485,075
-	-	-	-	-	3,167,441	3,167,441
-	-	-	-	-	26,893	28,836,113
209,504	242,268	85,426	818,469	406,439	4,551,487	42,234,334
125,468	2,600	-	962,930	-	601,161	4,579,654
-	-	-	-	-	-	3,190,658
457,674	43,985	2,114,056	-	-	1,801,496	14,532,998
-	-	-	-	-	2,088,613	2,088,613
-	-	-	708,818	279,352	112,494	1,100,664
583,142	46,585	2,114,056	1,671,748	279,352	4,603,764	25,492,587
\$ 792,646	\$ 288,853	\$ 2,199,482	\$ 2,490,217	\$ 685,791	\$ 9,155,251	\$ 67,726,921

Charter Township of Canton

Governmental Funds **Reconciliation of Fund Balances to the Statement of Net Assets** **Year Ended December 31, 2004**

Total Fund Balances for Governmental Funds	\$ 25,492,587
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	80,856,518
Capital lease receivable from the Library is not a financial resource and is not reported in the funds	5,877,706
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(44,918,750)
Interest amounts on long-term liabilities are not payable until due in the funds	(484,788)
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	2,959,401
Compensated absences are not due and payable in the current period and are not reported in the funds	(2,292,964)
State revenue-sharing receipts are expected to be collected during the subsequent year and are not available to pay for current year expenditures	1,088,905
Self-insurance liabilities are not due and payable in the current period and are not reported in the funds	(422,841)
Investment in joint venture is not a financial resource and is not reported in the funds	2,861,298
Net Assets of Governmental Activities	<u>\$ 71,017,072</u>

Charter Township of Canton

	General	Police	Fire	Public Improvement
Revenue				
Property taxes	\$ 5,988,123	\$ 11,709,777	\$ 7,163,185	\$ -
Licenses and permits	2,549,308	42,162	-	-
Federal sources	79,655	96,069	43,878	-
State sources	6,137,220	34,643	2,300	-
Charges for services	2,944,230	74,066	565,873	-
Court fees	74,236	-	-	-
Administration charges	3,046,138	-	-	-
Special assessments	-	-	-	-
Royalties	-	-	-	-
Contributions from other governmental units	-	-	-	-
Summit recreation fees	-	-	-	-
Other revenues	491,105	196,233	136,868	3,038,364
Total revenue	21,310,015	12,152,950	7,912,104	3,038,364
Expenditures				
Current:				
General government	6,956,507	-	-	-
Public safety	80,743	12,023,999	7,732,947	14,989
Public services	8,683,896	-	-	-
Recreation	3,239,733	-	-	-
Sanitation	2,506,162	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	21,467,041	12,023,999	7,732,947	14,989
Excess of Revenue Over (Under) Expenditures	(157,026)	128,951	179,157	3,023,375
Other Financing Sources (Uses)				
Transfers in (Note 6)	625,776	-	-	-
Transfers out (Note 6)	(2,154,825)	(1,165,675)	(777,116)	-
Proceeds from issuance of debt (Note 7)	-	-	2,500,000	-
Total other financing sources (uses)	(1,529,049)	(1,165,675)	1,722,884	-
Net Change in Fund Balances	(1,686,075)	(1,036,724)	1,902,041	3,023,375
Fund Balances - Beginning of year, as restated (Note 15)	5,033,573	3,163,134	5,769,626	24,990
Fund Balances - End of year	<u>\$ 3,347,498</u>	<u>\$ 2,126,410</u>	<u>\$ 7,671,667</u>	<u>\$ 3,048,365</u>

Governmental Funds
Statement of Revenue, Expenditures, and
Changes in Fund Balances
Year Ended December 31, 2004

Community Improvement	Community Center	Cable TV	Building Construction	Building Authority Construction	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,861,085
-	-	-	-	-	-	2,591,470
369,749	-	-	-	-	575,619	1,164,970
-	-	-	-	-	360,016	6,534,179
-	-	-	-	-	283,470	3,867,639
-	-	-	-	-	-	74,236
-	-	-	-	-	-	3,046,138
-	-	-	-	-	717,382	717,382
1,241,583	-	787,717	-	-	-	2,029,300
-	-	-	-	-	521,039	521,039
-	862,161	-	-	-	-	862,161
10,364	1,394,320	36,654	2,170,948	6,011	1,000,792	8,481,659
1,621,696	2,256,481	824,371	2,170,948	6,011	3,458,318	54,751,258
2,176,433	-	2,500	-	-	470,824	9,606,264
-	10,281	-	-	-	843,041	20,706,000
-	-	-	-	-	214,516	8,898,412
-	3,199,668	-	-	-	-	6,439,401
-	-	-	-	-	-	2,506,162
-	-	711,641	-	-	-	711,641
-	-	-	13,691,283	-	5,762,733	19,454,016
-	-	-	-	-	1,953,648	1,953,648
2,176,433	3,209,949	714,141	13,691,283	-	9,244,762	70,275,544
(554,737)	(953,468)	110,230	(11,520,335)	6,011	(5,786,444)	(15,524,286)
550,000	1,133,370	-	2,242,791	-	2,075,651	6,627,588
(951,385)	(148,361)	(426,005)	-	-	(1,548,806)	(7,172,173)
-	-	-	-	-	5,600,000	8,100,000
(401,385)	985,009	(426,005)	2,242,791	-	6,126,845	7,555,415
(956,122)	31,541	(315,775)	(9,277,544)	6,011	340,401	(7,968,871)
1,539,264	15,044	2,429,831	10,949,292	273,341	4,263,363	33,461,458
<u>\$ 583,142</u>	<u>\$ 46,585</u>	<u>\$ 2,114,056</u>	<u>\$ 1,671,748</u>	<u>\$ 279,352</u>	<u>\$ 4,603,764</u>	<u>\$ 25,492,587</u>

Charter Township of Canton

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2004

Net Change in Fund Balances - Total Governmental Funds **\$ (7,968,871)**

Amounts reported for governmental activities in the statement of activities
are different because:

Certain revenue reported in the statement of activities in previous
years did not provide current financial resources in the
governmental funds until the current year (974)

Governmental funds report capital outlays as expenditures; in the
statement of activities, these costs are allocated over their
estimated useful lives as depreciation 13,091,172

Governmental funds report proceeds from fixed asset disposals; in the
statement of activities, losses on disposals are reported (239,660)

Repayment of bond principal is an expenditure in the governmental funds,
but not in the statement of activities (where it reduces long-term debt) 1,698,750

Accrued interest is an expenditure in the statement of activities, but not
in the governmental funds (279,636)

Governmental activities record payments received as a reduction in the
capital lease receivable; governmental funds record as revenue
when received (202,575)

Accumulated employee sick and vacation pay is recorded when
earned in the statement of activities (70,181)

Bond proceeds, net of \$843,750 issuance discount, are not reported as
financing sources in the statement of activities (8,100,000)

Special assessment revenues are recorded in the statement of activities
when the assessment is earned (i.e., work is substantially complete);
they are not reported in the funds until collected or collectible within
60 days of year end 1,503,924

Grant monies recorded when earned in the statement of activities
that did not provide current financial resources (71,856)

Change in self-insurance liabilities 3,391

Change in Net Assets of Governmental Activities **\$ (636,516)**

Charter Township of Canton

Proprietary Funds Statement of Net Assets December 31, 2004

	Enterprise - Water and Sewer	Golf Course	Total
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 1,215,735	\$ 1,026,893	\$ 2,242,628
Investments (Note 3)	29,357,464	-	29,357,464
Receivables:			
Customers	4,696,992	-	4,696,992
Accrued interest and other receivables	199,400	-	199,400
Other assets	50,454	7,528	57,982
Due from other funds (Note 6)	636,503	331,439	967,942
Due from other governmental units	21,381	-	21,381
Inventories	697,625	15,911	713,536
Restricted assets (Note 8)	156,450	-	156,450
Total current assets	37,032,004	1,381,771	38,413,775
Noncurrent assets:			
Investment in joint venture - Western Townships			
Utilities Authority (WTUA) (Note 14)	26,139,631	-	26,139,631
Non-depreciable capital assets (Note 4)	2,366,326	9,202,396	11,568,722
Depreciable capital assets - Net (Note 4)	81,816,208	3,590,683	85,406,891
Total noncurrent assets	110,322,165	12,793,079	123,115,244
Total assets	147,354,169	14,174,850	161,529,019
Liabilities			
Current liabilities:			
Accounts payable	1,295,286	52,687	1,347,973
Accrued and other liabilities	690,288	74,760	765,048
Cash bonds and deposits	2,726,914	-	2,726,914
Due to other funds (Note 6)	65,004	1,473,518	1,538,522
Current liabilities payable from restricted assets	144,988	-	144,988
Current portion of long-term liabilities (Note 7)	177,529	390,805	568,334
Total current liabilities	5,100,009	1,991,770	7,091,779
Noncurrent liabilities:			
Provision for compensated absences	31,526	-	31,526
Provision for uninsured losses	43,489	13,343	56,832
Long-term liabilities - Net of current portion (Note 7)	1,065,000	7,155,445	8,220,445
Total noncurrent liabilities	1,140,015	7,168,788	8,308,803
Total liabilities	6,240,024	9,160,558	15,400,582
Net Assets			
Investment in capital assets - Net of related debt	82,997,534	5,246,829	88,244,363
Restricted - Debt service	11,463	-	11,463
Unrestricted	58,105,148	(232,537)	57,872,611
Total net assets	\$ 141,114,145	\$ 5,014,292	\$ 146,128,437

Charter Township of Canton

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2004

	Enterprise - Water and Sewer	Golf Course	Total
Operating Revenue			
Sale of water	\$ 7,065,253	\$ -	\$ 7,065,253
Sewage disposal revenues	9,521,324	-	9,521,324
Service charges	293,688	-	293,688
Greens fees and cart rentals	-	1,084,235	1,084,235
Operating lease	-	400,000	400,000
Other revenues	687,718	562,736	1,250,454
Total operating revenue	17,567,983	2,046,971	19,614,954
Operating Expenses			
Recreation	-	1,518,097	1,518,097
Salaries and wages	1,873,411	-	1,873,411
Payroll taxes and fringe benefits	787,505	-	787,505
Insurance	134,774	-	134,774
Supplies	85,195	-	85,195
Engineering fees	236,167	-	236,167
Professional services	333,972	-	333,972
Vehicle expense	99,633	-	99,633
Water purchases	6,604,355	-	6,604,355
Sewage disposal charges	6,671,365	-	6,671,365
Maintenance	481,071	-	481,071
Administration charges	1,710,151	-	1,710,151
Depreciation (Note 4)	2,652,651	458,073	3,110,724
Other expenses	640,590	7,112	647,702
Total operating expenses	22,310,840	1,983,282	24,294,122
Operating (Loss) Income	(4,742,857)	63,689	(4,679,168)
Nonoperating Revenue (Expenses)			
Customer connection fees	6,823,932	-	6,823,932
Investment income	418,099	5,563	423,662
Interest expense	(1,936,541)	(269,882)	(2,206,423)
Operating Income (Loss) Before Contributions	562,633	(200,630)	362,003
Capital Contributions - Lines constructed by developers	4,341,542	-	4,341,542
Transfers from Other Funds (Note 6)	-	544,585	544,585
Change in Net Assets	4,904,175	343,955	5,248,130
Net Assets - Beginning of year	136,209,970	4,670,337	140,880,307
Net Assets - End of year	<u>\$ 141,114,145</u>	<u>\$ 5,014,292</u>	<u>\$ 146,128,437</u>

Charter Township of Canton

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2004

	Enterprise - Water and Sewer	Enterprise - Golf Course	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 17,270,010	\$ 1,646,971	\$ 18,916,981
Payments to suppliers and vendors	(15,029,700)	(866,632)	(15,896,332)
Payments to employees	(2,728,030)	(596,941)	(3,324,971)
Payments connected with interfund services	(1,856,142)	287,667	(1,568,475)
Other receipts (payments)	47,128	392,888	440,016
Net cash provided by (used in) operating activities	(2,296,734)	863,953	(1,432,781)
Cash Flows from Noncapital Financing Activities - Transfers from other funds	-	544,585	544,585
Cash Flows from Capital and Related Financing Activities			
Collection of customer assessments (principal and interest)	8,781	-	8,781
Investment in joint venture	(890,136)	-	(890,136)
Purchase of capital assets	(1,153,649)	(88,930)	(1,242,579)
Connection fees	6,823,932	-	6,823,932
Principal and interest paid on capital debt	(2,140,862)	(521,132)	(2,661,994)
Net cash provided by (used in) capital and related financing activities	2,648,066	(610,062)	2,038,004
Cash Flows from Investing Activities			
Interest received on investments	697,731	5,563	703,294
Purchase of investment securities	(2,480,289)	-	(2,480,289)
Net cash provided by (used in) investing activities	(1,782,558)	5,563	(1,776,995)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,431,226)	804,039	(627,187)
Cash and Cash Equivalents - Beginning of year	2,803,411	222,854	3,026,265
Cash and Cash Equivalents - End of year	<u>\$ 1,372,185</u>	<u>\$ 1,026,893</u>	<u>\$ 2,399,078</u>
Balance Sheet Classification of Cash and Cash Equivalents			
Cash and cash equivalents	\$ 1,215,735	\$ 1,026,893	\$ 2,242,628
Restricted assets (Note 3)	156,450	-	156,450
Total cash and cash equivalents	<u>\$ 1,372,185</u>	<u>\$ 1,026,893</u>	<u>\$ 2,399,078</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ (4,742,857)	\$ 63,689	\$ (4,679,168)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization	2,652,651	458,073	3,110,724
Changes in assets and liabilities:			
Receivables	(77,575)	-	(77,575)
Due from other funds	(176,488)	-	(176,488)
Due from other governmental units	(6,335)	-	(6,335)
Inventory	(277,707)	465	(277,242)
Other assets	(11,060)	23,941	12,881
Accounts payable	(367,264)	42,229	(325,035)
Accrued and other liabilities	279,198	(12,111)	267,087
Cash bonds and deposits	467,320	-	467,320
Provisions for compensated absences and uninsured losses	(67,114)	-	(67,114)
Due to other funds	30,497	287,667	318,164
Net cash provided by (used in) operating activities	<u>\$ (2,296,734)</u>	<u>\$ 863,953</u>	<u>\$ (1,432,781)</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2004, developers constructed water and sewer lines with an estimated value of \$4,341,542 and donated them to the Charter Township's Water and Sewer Fund. The Township's Water and Sewer Fund also recognized an unrealized loss on investments of \$367,465.

Charter Township of Canton

Fiduciary Funds Statement of Net Assets December 31, 2004

	Pension and Other Employee Benefits Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 2,159,190	\$ 21,896,939
Receivables - Accrued interest and other	13,729	-
Total assets	2,172,919	<u>\$ 21,896,939</u>
Liabilities		
Cash bonds and deposits	-	\$ 1,006,654
Due to other governmental units	-	20,890,285
Total liabilities	-	<u>\$ 21,896,939</u>
Net Assets - Held in trust for pension and other employee benefits	<u>\$ 2,172,919</u>	

Charter Township of Canton

Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2004

	Pension and Other Employee Benefits Fund
Additions	
Contributions	\$ 683,704
Investment income - Interest and dividends	<u>26,645</u>
Total additions	710,349
Deductions - Benefit payments	<u>383,487</u>
Net Increase	326,862
Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of year	<u>1,846,057</u>
End of year	<u><u>\$ 2,172,919</u></u>

Charter Township of Canton

Component Unit Statement of Net Assets December 31, 2004

	Downtown Development Authority
Assets	
Cash and cash equivalents (Note 3)	\$ 3,696,046
Receivables - Property taxes	909,007
Capital assets (Note 4)	2,309,669
Due from other governmental units	<u>591,385</u>
Total assets	7,506,107
Liabilities	
Accounts payable	15,561
Accrued and other liabilities	8,380
Unearned revenue - Property taxes	1,500,392
Noncurrent liabilities (Note 7):	
Due within one year	145,000
Due in more than one year	<u>1,465,000</u>
Total liabilities	<u>3,134,333</u>
Net Assets	
Investment in capital assets - Net of related debt	699,669
Unrestricted	<u>3,672,105</u>
Total net assets	<u><u>\$ 4,371,774</u></u>

Charter Township of Canton

Component Unit Statement of Activities Year Ended December 31, 2004

				Net (Expense) Revenue and Changes in Net Assets
		Program Revenues		
		Charges for	Operating	
	Expenses	Services	Grants/ Contributions	Downtown Development Authority
Downtown Development Authority -				
Public works	\$ 596,916	\$ -	\$ -	\$ (596,916)
General revenues:				
Captured taxes				1,405,497
Interest				21,456
Miscellaneous				76,995
Total general revenues				1,503,948
Change in Net Assets				907,032
Net Assets - Beginning of year				3,464,742
Net Assets - End of year				\$ 4,371,774

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Canton (the "Charter Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Canton:

Reporting Entity

The Charter Township of Canton is governed by an elected seven-member Board of Trustees. The accompanying financial statements present the Charter Township and its component units, entities for which the Charter Township is considered to be financially accountable.

Blended Charter Township Building Authority - The Charter Township Building Authority (the "Building Authority") is governed by a board that is appointed by the Charter Township supervisor and approved by the Board of Trustees. Although it is legally separate from the Charter Township, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the Charter Township's public buildings. The Building Authority's net assets and activities have been included as a Special Revenue Fund.

Discretely Presented Component Unit - The following component unit is reported within the component unit column in the combined financial statements. It is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Charter Township. The Charter Township has the ability to impose its will upon the Downtown Development Authority (DDA).

The DDA was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the district. The DDA's governing body, which consists of 11 individuals, is selected by the Charter Township supervisor. Although no separate financial statements are prepared for this component unit, all financial information can be obtained from the Charter Township's finance department. The Charter Township has the ability to impose its will upon the DDA.

Financial statements for the DDA are available during office hours at the Charter Township of Canton, 1150 S. Canton Center Road, Canton, MI 48188.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

The Canton Public Library (the "Library") is not a component unit and has not been included in the Charter Township's financial statements. The Library holds its own cash and investments in accounts separate from the control of the Charter Township treasurer. The Library Board is elected directly, and it is fiscally independent.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Charter Township reports the following major governmental funds:

- The General Fund is the Charter Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Police Fund is a full service department consisting of 82 sworn personnel and 30 civilian employees. The main source of revenue for the Police Department comes from a voter-approved special assessment on all real property.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

- The Fire Fund has a full service Fire Department consisting of 57 sworn fire personnel and three support personnel, which provides fire suppression, fire prevention, and emergency medical service. The main source of revenue for the Fire Department comes from a voter-approved special assessment on real property.
- The Public Improvement Fund accounts for special community projects such as road improvements and building construction. Revenues come from property sales and General Fund contributions.
- The Community Improvement Fund accounts for royalty payments for solid waste deposited in two privately owned landfills in the Charter Township, although only one remains open at this time. The money from this fund is used to fund community improvements and recreation projects, not for operations.
- The Community Center Fund accounts for the activity of Canton's Summit on the Park. Revenue consists primarily of user charges associated with the athletic center and rentals from the banquet facility.
- The Cable TV Fund accounts for royalty revenues and expenditures related to cable TV operations. Franchise fee revenues are paid to the Charter Township based on a percentage of cable TV subscriber fees. Expenditures in this fund are to provide for local cable TV programming services.
- The Building Construction Fund accounts for all Charter Township construction activity that is not funded by the Building Authority Bonds.
- The Building Authority Construction Fund accounts for Charter Township construction activity funded by the Building Authority Bonds.

The Charter Township reports the following major proprietary funds:

- The Water and Sewer Fund accounts for the results of operations that provide water and sewer services to citizens, financed primarily by a user charge for the provision of those services.
- The Golf Course Fund accounts for the activities of both the Fellows Creek Golf Course and the Pheasant Run Golf Course. Revenue from both courses is combined to fund overall golf operations.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Additionally, the Charter Township reports the following fund type:

- The Postemployment Benefit Fund accounts for the accumulation of resources to provide for retiree health insurance premium costs.
- Agency Funds account for assets held by the Charter Township in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Charter Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Charter Township's water and sewer function and various other functions of the Charter Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with proprietary funds' principal on-going operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the Charter Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Charter Township's 2003 tax is levied and collectible on December 1, 2003 and is recognized as revenue in the year ended December 31, 2004, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2003 taxable valuation of the Charter Township totaled approximately \$2,979 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 2.00 mills for operating purposes, 2.60 mills for fire operating services, and 4.25 mills for police operating. This resulted in approximately \$5.9 million for operating, \$7.2 million for fire operating, and \$11.7 million for police operating. All tax amounts are recognized in the respective General, Police, and Fire Funds' financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

Cash and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets - The county contract related to bonds of the Water and Sewer Fund requires amounts to be set aside for debt service principal and interest. These amounts have been classified as restricted assets. The Charter Township has also restricted assets in the governmental activities for unspent bond proceeds.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road rights, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Charter Township as assets with an initial individual cost of more than \$250 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets (other than land and construction in progress) are depreciated using the straight-line method over the following useful lives:

Infrastructure	25 years
Buildings and improvements	40 years
Vehicles	5 years
Furniture, fixtures, and equipment	7 to 15 years
Computer equipment	3 to 5 years
Land improvements	15 years
Water and sewer distribution systems	50 years

Compensated Absences - It is the Charter Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The liability for unpaid accumulated sick leave is limited to certain employment groups that receive payment for unused sick leave when those employees separate from service with the Charter Township. All sick and vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds as it comes due for payment (when employees terminate).

Long-term Obligations - Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Assets - In the government-wide financial statements, net assets that are legally restricted by outside parties for use for a specific purpose are shown as restricted. The following restrictions apply to net assets as of December 31, 2004:

- **Police and Fire** - Special tax levies to fund police and fire activities
- **Western Wayne Criminal Investigation** - Amounts directed by consortium for funding various narcotics and auto theft programs
- **Street Lighting** - Special assessment tax levy to fund street lighting program
- **Community Development Block Grant** - Grant amount received in excess of expenditures that must be spent on this federal program
- **911 Activities** - Fees collected to fund 911 activities
- **Debt Service** - Amounts remaining from debt issuance related to special assessments and amounts collected from residents in special assessment districts that must be used to service the related outstanding debt

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 2 - Stewardship, Compliance, and Accountability

State Construction Code Act - The Charter Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Charter Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and cumulative shortfall is as follows:

Cumulative shortfall at January 1, 2004	\$ (1,226,517)
Building permit revenue	2,531,319
Related expenses:	
Direct costs	\$ 2,074,615
Estimated indirect costs	<u>1,064,065</u>
Total construction code expenses	<u>3,138,680</u>
Cumulative shortfall at December 31, 2004	<u><u>\$ (1,833,878)</u></u>

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Postemployment Benefits Fund is also authorized to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

The Charter Township has designated 21 banks for deposit of its funds. The investment policy adopted by the Charter Township in accordance with Public Act 20 of 1943 (as amended) authorizes investments in U.S. Treasuries, U.S. agencies and instrumentalities, certificates of deposit, commercial paper (meeting certain rating and maturity requirements), investment pools, and mutual funds. The treasurer may invest in investment pools organized under the Local Government Investment Pool Act of 1985 and under the Urban Cooperation Act of 1967. For mutual funds, the treasurer may invest in funds registered under the Investment Company Act of 1940. This authorization is limited to investment pools and mutual funds whose intent is to maintain a net asset value of \$1.00 per share and allows for indirect investment in repurchase agreements and bankers' acceptances of United States banks, as allowable for direct investment by public corporations.

At year end, the Charter Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and cash equivalents	\$ 24,639,723	\$ 2,242,628	\$ 24,056,129	\$ 50,938,480	\$ 3,696,046
Investments	14,659,673	29,357,464	-	44,017,137	-
Restricted assets	<u>2,066,153</u>	<u>156,450</u>	<u>-</u>	<u>2,222,603</u>	<u>-</u>
Total	<u>\$ 41,365,549</u>	<u>\$ 31,756,542</u>	<u>\$ 24,056,129</u>	<u>\$ 97,178,220</u>	<u>\$ 3,696,046</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Component Units
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 17,510,067	\$ 2,561,921
Investments in securities, mutual funds, and similar vehicles	79,649,403	1,134,125
Petty cash or cash on hand	<u>18,750</u>	<u>-</u>
Total	<u>\$ 97,178,220</u>	<u>\$ 3,696,046</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

Deposits

The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$18,659,062. Of that amount, \$3,400,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Charter Township evaluates each financial institution with which it deposits Charter Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The Charter Township's investments are categorized into these three categories of credit risk:

Category 1 - Insured or registered, with securities held by the Charter Township or its agent in the Charter Township's name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Charter Township's name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Charter Township's name.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

At year end, the Charter Township's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary government - U.S. government securities	\$ -	\$ 31,116,994	\$ -	\$ 31,116,994
Investments not subject to categorization:				
Bank investment pool funds	-	-	-	40,983,008
Money market mutual funds (bank investment pools under Public Act 20)	-	-	-	7,549,401
Total primary government	<u>\$ -</u>	<u>\$ 31,116,994</u>	<u>\$ -</u>	<u>\$ 79,649,403</u>
Component units - U.S. government securities	\$ -	\$ -	\$ -	\$ 988,760
Investments not subject to categorization -				
Bank investment pool funds	-	-	-	145,365
Total component units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134,125</u>

Investments not subject to categorization are not evidenced by securities that exist in physical or book entry form.

The bank investment pools and money market mutual funds consist of bank trust funds, which are held by the Trust Department of the bank and are regulated by the Michigan Banking Act. The investments under the interlocal agreement investment pool are regulated by the Urban Cooperation Act. The fair value of the position in the bank investment pools, money market mutual funds, and interlocal agreement investment pools (MBIA-CLASS) is the same as the value of the pool shares. The bank investment pools, money market mutual funds, and interlocal agreement investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in these funds comply with the investment authority noted above.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

Included in the Charter Township's investments at the balance sheet date are the following:

- Approximately \$4,951,546 of securities issued by the Federal National Mortgage Association (FNMA) and an additional \$26,165,448 of securities issued by the Federal Home Loan Bank or Federal Home Loan Mortgage Corp. These investments are usually not backed by the full faith and credit of the U.S. government, but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

Component Unit

The deposits of the Charter Township's component unit consists of bank deposits of \$2,561,921. The deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$2,565,177, of which \$100,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized.

The investments of the Charter Township's component unit during the year consisted solely of money market mutual funds (bank investment pools under Public Act 20) of \$1,134,125 at December 31, 2004. Investments are normally categorized to give an indication of the level of risk assumed; however, money market mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The Charter Township's component unit believes that the investments in these funds comply with the investment authority noted above. Money market mutual funds consist of bank trust funds, which are held by the Trust Department of the bank and are regulated by the Michigan Banking Act. The fair value of the position of the fund is the same as the value of the pool of shares.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 4 - Capital Assets

Capital asset activity of the Charter Township's governmental and business-type activities was as follows:

	Balance January 1, 2004	Additions	Adjustments	Disposals	Balance December 31, 2004
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 14,901,887	\$ 127,648	\$ -	\$ (153,039)	\$ 14,876,496
Construction in progress	14,869,228	1,679,215	(14,777,709)	-	1,770,734
Subtotal	29,771,115	1,806,863	(14,777,709)	(153,039)	16,647,230
Capital assets being depreciated:					
Infrastructure	11,163,623	47,467	-	-	11,211,090
Buildings and improvements	29,648,268	13,034,154	14,777,709	-	57,460,131
Vehicles	6,150,199	717,170	-	(350,452)	6,516,917
Furniture, fixtures, and equipment	12,523,802	1,031,929	-	(215,162)	13,340,569
Computer equipment	1,304,414	229,079	-	(175,042)	1,358,451
Subtotal	60,790,306	15,059,799	14,777,709	(740,656)	89,887,158
Accumulated depreciation:					
Infrastructure	4,637,838	459,977	-	-	5,097,815
Buildings and improvements	6,831,725	1,438,551	-	-	8,270,276
Vehicles	4,180,195	611,219	-	(308,338)	4,483,076
Furniture, fixtures, and equipment	6,033,228	1,004,793	-	(171,551)	6,866,470
Computer equipment	873,429	260,950	-	(174,146)	960,233
Subtotal	22,556,415	3,775,490	-	(654,035)	25,677,870
Net capital assets being depreciated	38,233,891	11,284,309	14,777,709	(86,621)	64,209,288
Net governmental capital assets	\$ 68,005,006	\$ 13,091,172	\$ -	\$ (239,660)	\$ 80,856,518

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance January 1, 2004	Additions	Disposals	Balance December 31, 2004
Capital assets not being depreciated:				
Land	\$ 10,701,413	\$ -	\$ -	\$ 10,701,413
Construction in progress	<u>2,620,384</u>	<u>854,134</u>	<u>(2,607,209)</u>	<u>867,309</u>
Subtotal	13,321,797	854,134	(2,607,209)	11,568,722
Capital assets being depreciated:				
Land improvements	1,213,022	-	-	1,213,022
Water and sewer distribution systems	101,621,319	4,696,751	-	106,318,070
Buildings and building improvements	7,438,058	2,351,333	-	9,789,391
Vehicles and equipment	5,708,873	173,137	(80,504)	5,801,506
Office furnishings	1,930,162	106,138	-	2,036,300
Computer equipment	<u>51,305</u>	<u>9,837</u>	<u>-</u>	<u>61,142</u>
Subtotal	117,962,739	7,337,196	(80,504)	125,219,431
Accumulated depreciation:				
Land improvements	768,681	68,287	-	836,968
Water and sewer distribution systems	29,396,480	2,164,587	-	31,561,067
Buildings and building improvements	1,428,129	244,231	-	1,672,360
Vehicles and equipment	3,943,983	432,539	(80,504)	4,296,018
Office furnishings	1,203,262	190,448	-	1,393,710
Computer equipment	<u>41,785</u>	<u>10,632</u>	<u>-</u>	<u>52,417</u>
Subtotal	<u>36,782,320</u>	<u>3,110,724</u>	<u>(80,504)</u>	<u>39,812,540</u>
Net capital assets being depreciated	<u>81,180,419</u>	<u>4,226,472</u>	<u>-</u>	<u>85,406,891</u>
Net business-type capital assets	<u>\$ 94,502,216</u>	<u>\$ 5,080,606</u>	<u>\$ (2,607,209)</u>	<u>\$ 96,975,613</u>

Capital asset activity of the Charter Township's component unit was as follows:

Component Unit	Balance January 1, 2004	Additions	Disposals	Balance December 31, 2004
Capital assets being depreciated:				
Infrastructure	\$ 1,081,514	\$ -	\$ -	\$ 1,081,514
Furniture, fixtures, and equipment	<u>2,821,553</u>	<u>1,628</u>	<u>-</u>	<u>2,823,181</u>
Subtotal	3,903,067	1,628	-	3,904,695
Accumulated depreciation:				
Infrastructure	242,576	56,229	-	298,805
Furniture, fixtures, and equipment	<u>1,143,729</u>	<u>152,492</u>	<u>-</u>	<u>1,296,221</u>
Subtotal	<u>1,386,305</u>	<u>208,721</u>	<u>-</u>	<u>1,595,026</u>
Net component unit capital assets	<u>\$ 2,516,762</u>	<u>\$ (207,093)</u>	<u>\$ -</u>	<u>\$ 2,309,669</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 4 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 769,659
Public safety	911,605
Public works	658,612
Building, planning, and engineering	111,002
Recreation and culture	<u>1,324,612</u>

Total governmental activities	<u>\$ 3,775,490</u>
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Business-type activities:

Water and sewer	\$ 2,652,651
Golf course	<u>458,073</u>

Total business-type activities	<u>\$ 3,110,724</u>
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Construction Commitments - The Charter Township has active construction projects at year end related primarily to the renovation of the administration building and the construction of a performing arts center. These amounts do not include projects not covered by bond proceeds. At year end, the Charter Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Fire Station #3	\$ 994,488	\$ 2,709,277
Administration building	19,237,064	759,511
Performing arts center	11,472,454	294,875
Pilgrim Hills - Water and sewer mains	101,302	3,179,220
Other	<u>2,547,950</u>	<u>566,444</u>
Total	<u>\$ 34,353,258</u>	<u>\$ 7,509,327</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 5 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	\$ 3,167,441	\$ 208,040
Property taxes and other	28,836,113	28,836,113
Total	<u>\$ 32,003,554</u>	<u>\$ 29,044,153</u>

The component unit reported unearned property tax revenue in the amount of \$1,500,392.

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from other funds:		
General Fund	Fire	\$ 1,536
	Police	26,949
	Cable TV	146
	Building Authority Construction	75,000
	Building Construction	597,570
	Community Center	54,204
	Water and Sewer	35,994
	Golf Course	904,550
	Nonmajor governmental funds	<u>413,491</u>
	Total General Fund	2,109,440

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Receivable Fund	Payable Fund	Amount
Due to/from other funds (Continued):		
Special Revenue Funds:		
Building Construction	Fire	\$ 777,116
	Police	1,179,772
	Cable TV	57,002
	Water and Sewer	29,010
	Nonmajor governmental funds	<u>50,000</u>
	Total Building Construction	2,092,900
Community Center	General	8,374
	Fire	26,525
	Police	188
	Cable TV	21,660
	Golf Course	<u>56,921</u>
	Total Community Center	113,668
Community Improvement	General	172,524
Nonmajor governmental funds	General	10,338
	Building Construction	7,529
	Nonmajor governmental funds	<u>184,358</u>
	Total nonmajor governmental funds	<u>202,225</u>
	Total governmental funds	4,690,757
Enterprise Funds:		
Golf Course Water and Sewer	Building Authority Construction	331,439
	General	62,736
	Fire	20,879
	Police	36,423
	Golf Course	512,047
	Community Center	4,391
	Nonmajor governmental funds	<u>27</u>
	Total Water and Sewer	<u>636,503</u>
	Total Enterprise Funds	<u>967,942</u>
	Total	<u>\$ 5,658,699</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

These balances result from the time lag between the dates that good and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund statements were as follows:

Fund Transferred From	Fund Transferred To	Amount
General	Community Improvement (1)	\$ 550,000
	Community Center (1)	981,250
	Nonmajor governmental funds (2,3)	623,575
	Total General Fund	2,154,825
Fire	Building Construction (2)	777,116
Police	Building Construction (2)	1,165,675
Cable TV	Community Center (1)	45,320
	General (1)	380,685
	Total Cable TV	426,005
Community Center	Nonmajor governmental funds (3)	148,361
Community Improvement	Community Center (2)	106,800
	Golf (1)	544,585
	Building Construction (2)	300,000
	Total Community Improvement	951,385
Nonmajor governmental funds	General (1)	245,091
	Nonmajor governmental funds (3)	1,303,715
	Total nonmajor governmental funds	1,548,806
	Total governmental funds	\$ 7,172,173

The following describes the nature of significant transfers:

- (1) Transfers of discretionary funds to be used for the benefit of the community
- (2) Transfers for capital improvements
- (3) Transfers for debt service

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 7 - Long-term Debt

The Charter Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Charter Township. County contractual agreements are also general obligations of the Charter Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Charter Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
1998 Building Authority Bonds (Softball Center):							
Amount of issue - \$2,500,000		\$250,000 -					
Maturing through 2008	3.75%	\$300,000	\$ 1,400,000	\$ -	\$ (250,000)	\$ 1,150,000	\$ 250,000
1999 Building Authority Bonds (Library)*:							
Amount of issue - \$6,000,000		\$200,000 -					
Maturing through 2020	5.50%	\$500,000	6,000,000	-	(200,000)	5,800,000	250,000
2000 Building Authority Recreation Bonds (debt issue split between governmental and business-type activities):							
Amount of issue - \$2,100,000	4.75% -	\$35,000-					
Maturing through 2020	6.75%	\$210,000	2,012,500	-	(43,750)	1,968,750	52,500
Limited Tax General Obligations:							
2003 Capital Improvement (Limited Tax):							
Amount of issue - \$23,000,000	2.50% -	\$350,000 -					
Maturing through 2023	4.50%	\$2,100,000	23,000,000	-	(350,000)	22,650,000	400,000
Limited Tax General Obligations Series 2003:							
Amount of issue - \$2,675,000	2.375% -	\$114,000 -					
Maturing through 2016	3.900%	\$292,000	2,675,000	-	-	2,675,000	201,695
2004 Capital Improvement (Limited Tax) - Fire Station:							
Amount of issue - \$2,500,000	2.00% -	\$150,000 -					
Maturing through 2014	3.65%	\$325,000	-	2,500,000	-	2,500,000	150,000
Special Assessment Bonds:							
1995 Special Assessment Bonds (Series II):							
Amount of issue - \$535,000	6.40% -						
Maturing through 2004	6.50%	\$55,000	55,000	-	(55,000)	-	-
1996 Special Assessment Bonds:							
Amount of issue - \$1,590,000	4.30% -	\$175,000 -					
Maturing through 2006	4.375%	\$200,000	575,000	-	(175,000)	400,000	200,000
1997 Special Assessment Bonds:							
Amount of issue - \$2,140,000		\$200,000 -					
Maturing through 2007	5.00%	\$250,000	850,000	-	(250,000)	600,000	200,000

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities (Continued)							
Special Assessment Bonds (Continued):							
1998 Special Assessment Bonds:							
Amount of issue - \$3,480,000	3.60% -	\$375,000 -					
Maturing through 2008	3.65%	\$400,000	\$ 1,950,000	\$ -	\$ (375,000)	\$ 1,575,000	\$ 400,000
2004 Special Assessment Bond:							
Amount of issue - \$4,100,000	2.75% -	\$50,000 -					
Maturing through 2018	4.25%	\$400,000	-	4,100,000	-	4,100,000	-
2004 Special Assessment Bond:							
Amount of issue - \$1,500,000 ***	1.64%	\$500,000 -					
Maturing through 2011		\$500,000	-	1,500,000	-	1,500,000	-
Total bond obligations			38,517,500	8,100,000	(1,698,750)	44,918,750	2,104,195
Other long-term obligations:							
Accumulated employee benefits**			2,222,783	1,827,576	(1,757,395)	2,292,964	1,037,485
Provision for uninsured losses**			426,231	-	(3,390)	422,841	-
Total other long-term obligations			2,649,014	1,827,576	(1,760,785)	2,715,805	1,037,485
Total governmental activities			\$ 41,166,514	\$ 9,927,576	\$ (3,459,535)	\$ 47,634,555	\$ 3,141,680

* The Library Building Authority bonds debt service requirements are being provided by the Canton Township Library. The Charter Township and the Library have entered into an agreement that calls for annual payments from the Library equal to the debt service requirements on the bonds. The 2004 debt service requirements on the 1999 bond issuance were comprised solely of interest payments. The balance outstanding on the 1999 bond issue is \$5,800,000. A capital lease receivable equal to the remaining principal balance plus accrued interest totaling \$5,877,706 has been reported in the governmental activities as of December 31, 2004.

** For the governmental activities, accumulated benefits and provision for uninsured losses are normally liquidated by the General Fund, Police Fund, and Fire Fund. See also Note 9.

*** Bonds have a variable interest rate; the rate was 1.64% as of 12/31/04 and is determined by the prime rate.

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Units							
General obligation bonds:							
1994 Downtown Development Bonds:							
Amount of issue - \$850,000	5.40% -	\$65,000 -					
Maturing through 2009	5.85%	\$95,000	\$ 475,000	\$ -	\$ (65,000)	\$ 410,000	\$ 70,000
1999 Downtown Development Bonds:							
Amount of issue - \$1,500,000	4.00% -	\$75,000 -					
Maturing through 2014	4.60%	\$150,000	1,275,000	-	(75,000)	1,200,000	75,000
Total component unit bond obligations			\$ 1,750,000	\$ -	\$ (140,000)	\$ 1,610,000	\$ 145,000

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
General Obligation Bonds:							
Building Authority Refunding Bonds, Series 1992:							
Amount of issue - \$1,525,000	1.75% -	\$150,000 -					
Maturing through 2005	5.125%	\$170,000	\$ 170,000	\$ -	\$ (170,000)	\$ -	\$ -
Building Authority Recreation Bonds, Series 2000 (debt issue split between governmental and business-type activities):							
Amount of issue - \$3,900,000	4.75% -	\$65,000 -					
Maturing through 2020	6.75%	\$390,000	3,737,500	-	(81,250)	3,656,250	97,500
Building Authority Limited Tax GO Bonds:							
Amount of issue - \$3,890,000	2.375% -	\$171,000 -					
Maturing through 2016	3.900%	\$438,000	3,890,000	-	-	3,890,000	293,305
County contractual obligations:							
Wayne County Metropolitan Sewage Disposal System Bonds							
Amount of issue - \$2,500,000	4.25% -						
Maturing through 2007	5.00%	\$140,000	560,000	-	(140,000)	420,000	140,000
Michigan State Revolving Loan Fund:							
Amount of issue - \$2,295,000	2.00%	\$115,000 -					
Maturing through 2012		\$140,000	1,020,000	-	(115,000)	905,000	120,000
Total bonds and other contractual obligations			9,377,500	-	(506,250)	8,871,250	650,805
Less current portion payable from restricted assets			140,000	-	-	140,000	140,000
Total bonds and other contractual obligations, net of current portion			9,237,500	-	(506,250)	8,731,250	510,805
Other long-term obligations:							
Accumulated employee benefits			98,640	185,600	(195,185)	89,055	57,529
Provision for uninsured losses			56,832	-	-	56,832	-
Total other long-term obligations			155,472	185,600	(195,185)	145,887	57,529
Total business-type activities			9,392,972	185,600	(701,435)	8,877,137	568,334
Total governmental and business-type activities			\$ 50,559,486	\$ 10,113,176	\$ (4,160,970)	\$ 56,511,692	\$ 3,710,014
Component Units							
General obligation bonds:							
1994 Downtown Development Bonds:							
Amount of issue - \$850,000	5.40% -	\$65,000 -					
Maturing through 2009	5.85%	\$95,000	\$ 475,000	\$ -	\$ (65,000)	\$ 410,000	\$ 70,000
1999 Downtown Development Bonds:							
Amount of issue - \$1,500,000	4.00% -	\$75,000 -					
Maturing through 2014	4.60%	\$150,000	1,275,000	-	(75,000)	1,200,000	75,000
Total component unit bond obligations			\$ 1,750,000	\$ -	\$ (140,000)	\$ 1,610,000	\$ 145,000

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds, contractual, and note obligations are as follows:

	Governmental Activities			Business-type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 2,104,195	\$ 1,793,973	\$ 3,898,168	\$ 650,805	\$ 401,947	\$ 1,052,752	\$ 145,000	\$ 163,622	\$ 308,622
2006	2,679,844	1,669,949	4,349,793	700,156	375,205	1,075,361	175,000	157,073	332,073
2007	2,583,919	1,575,737	4,159,656	706,081	346,080	1,052,161	180,000	149,263	329,263
2008	2,420,307	1,487,325	3,907,632	594,693	319,651	914,344	190,000	145,377	335,377
2009	2,451,419	1,412,760	3,864,179	603,581	292,969	896,550	220,000	134,887	354,887
2010-2014	12,896,026	5,826,986	18,723,012	3,373,974	1,018,298	4,392,272	700,000	83,263	783,263
2015-2019	11,273,040	3,397,290	14,670,330	1,851,964	346,934	2,198,898	-	-	-
2020-2024	8,510,000	920,705	9,430,705	389,996	18,525	408,521	-	-	-
Total	\$ 44,918,750	\$ 18,084,725	\$ 63,003,475	\$ 8,871,250	\$ 3,119,609	\$ 11,990,859	\$ 1,610,000	\$ 833,485	\$ 2,443,485

Note 8 - Restricted Assets

Restricted assets at December 31, 2004 for governmental activities represents unspent bond proceeds held in escrow in the amount of \$2,066,153.

Restricted assets at December 31, 2004 for business-type activities consists of the following:

Cash and cash equivalents	\$ 156,450
Less current liabilities payable from restricted assets:	
Current maturities of long-term debt	\$ 140,000
Accrued interest payable	4,988
	<u>144,988</u>
Net restricted assets	<u>\$ 11,462</u>

Note 9 - Risk Management

The Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Charter Township has purchased commercial insurance for medical claims and participates in the Michigan Municipal Risk Management Authority for claims relating to property and general liability. The Charter Township is uninsured for employee injuries (workers' compensation).

Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 9 - Risk Management (Continued)

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Charter Township.

The Charter Township estimates the liability for property loss, general liability, and employee injuries claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported.

Changes in the estimated liability for the past two fiscal years were as follows:

	2004	2003
Estimated liability - Beginning of year	\$ 483,063	\$ 572,376
Estimated claims incurred, including changes in estimates	3,972,596	337,463
Claim payments, administration fees, and excess payments	<u>(3,975,986)</u>	<u>(426,776)</u>
Estimated liability - End of year	<u>\$ 479,673</u>	<u>\$ 483,063</u>

Note 10 - Defined Contribution Retirement Plan

The Charter Township participates in the Charter Township of Canton Retirement Plan, a defined contribution plan, which is administered by The Charles Schwab Trust Co. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate as of the date of employment. As established by the Charter Township Board, the Charter Township contributes 15 percent of employees' gross earnings and employees contribute 5 percent of earnings. In accordance with these requirements, the Charter Township contributed approximately \$1,542,000 during the current year, and employees contributed approximately \$557,000.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 11 - Defined Benefit Pension Plan

The Charter Township participates in the Michigan Municipal Employees Retirement System (MMERS), an agent multiple-employer defined benefit plan that covers all non-union and union employees that choose to participate by majority vote. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The MMERS issues a publicly available financial report that includes financial statements and required supplementary information for the MMERS. That report may be obtained by writing to the MMERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

The obligation to contribute to and maintain the MMERS for these full-time employees was established by the Charter Township's Board of Trustees and requires a contribution from the employees of 5 percent of gross wages and a contribution from the employer ranging from 1.79 percent to 17.03 percent of participating employees' gross wages depending on their membership agreement.

Note 12 - Michigan Municipal Employees Retirement System

Annual Pension Cost

For the years ended December 31, 2004 and 2003, the Charter Township's annual pension cost of \$697,085 and \$438,340, respectively, for the plan was equal to the Charter Township's required and actual contributions. The fair market value of the plan's assets approximated \$24,448,000 at December 31, 2004. The 2004 annual required contribution was determined as part of the initial actuarial valuation as of July 1, 2002, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year plus percentage based on an age-related scale to reflect merit longevity and promotional salary increases, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 30 years.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 12 - Michigan Municipal Employees Retirement System (Continued)

Additional actuarial information for the Michigan Municipal Employees Retirement System is as follows:

	December 31, 2003
Actuarial value of assets	\$ 22,143,453
Actuarial accrued liability (AAL) (entry age)	\$ 26,889,198
Unfunded AAL (UAAL)	\$ 4,745,745
Funded ratio	82.35%
Covered payroll	\$ 7,988,306
UAAL as a percentage of covered payroll	59.41%

As described above, the Township's participation in the plan was initiated during the year ended December 31, 2003. As the actuarial valuation for the year ended December 31, 2004 was not available as of the audit date, only one year of trend information is disclosed during the current year.

Note 13 - Postemployment Benefits

The Charter Township provides health care benefits to certain full-time employees, based on age and years of service, upon retirement in accordance with labor contracts. Currently, 35 retirees are eligible. The Charter Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contributions required by the participants. The Charter Township purchases Medicare supplemental insurance for retirees eligible for Medicare. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due. Postemployment benefits paid during the current year amounted to approximately \$383,000.

Note 14 - Joint Ventures

The Charter Township is a member of the Western Townships Utilities Authority (WTUA), which provides sewage disposal services to the residents of Canton, Northville, and Plymouth Townships. The participating communities provide annual funding for its operations. During the current year, the Charter Township contributed approximately \$9,220,000 to WTUA for operations, debt, and capital. The Charter Township's equity interest is recorded within the Water and Sewer Fund. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, Michigan 48187.

Charter Township of Canton

Notes to Financial Statements December 31, 2004

Note 14 - Joint Ventures (Continued)

The Charter Township is a member of the 35th District Court System and has an equity interest in the 35th District Courthouse Authority (the "Courthouse"), which provides judicial services to the Charter Township and various other surrounding communities. The Charter Township appoints one member to the joint venture's board, which then approves the annual budget. The Charter Township's equity interest is recorded within the governmental activities column in the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Charter Township and various other surrounding communities agreed to become guarantors of bonds issued by the Courthouse during 1999. There were bonds outstanding of \$3,700,000 at December 31, 2004, of which the Charter Township guarantees 47 percent, or \$1,739,000. Complete financial statements for the Courthouse can be obtained from the administrative offices at 660 Plymouth Road, Plymouth, Michigan 48170.

Note 15 - Accounting and Reporting Change

Governmental activities net assets as of December 31, 2003 have been adjusted to account for Charter Township deposits, previously recorded as revenue, as follows:

Governmental net assets - December 31, 2003, as previously reported	\$ 72,040,167
Effect of restating certain Charter Township deposits recorded as revenue in prior year	<u>(386,579)</u>
Governmental net assets - December 31, 2003, as restated	<u>\$ 71,653,588</u>

General Fund fund balance as of December 31, 2003 has been adjusted to account for Charter Township deposits, previously recorded as revenue, as follows:

General Fund fund balance - December 31, 2003, as previously reported	\$ 5,420,152
Effect of restating certain Charter Township deposits recorded as revenue in prior year	<u>(386,579)</u>
General Fund fund balance - December 31, 2003, as restated	<u>\$ 5,033,573</u>

Required Supplemental Information

Charter Township of Canton

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ 6,102,672	\$ 6,102,672	\$ 5,988,123	\$ (114,549)
Licenses and permits	2,457,150	2,472,150	2,549,308	77,158
Federal sources	-	426,130	79,655	(346,475)
State sources	6,780,130	6,770,630	6,137,220	(633,410)
Charges for services	3,345,300	3,560,445	2,944,230	(616,215)
Court fees	581,000	581,000	74,236	(506,764)
Administration charges	3,107,255	3,107,255	3,046,138	(61,117)
Interest and other	560,100	567,200	491,105	(76,095)
Transfers in	466,419	711,847	625,776	(86,071)
Fund balance appropriation	774,779	1,660,986	1,686,075	25,089
Total revenues	<u>\$ 24,174,805</u>	<u>\$ 25,960,315</u>	<u>\$ 23,621,866</u>	<u>\$ (2,338,449)</u>
Expenditures				
General government	\$ 7,075,931	\$ 7,902,018	\$ 6,956,507	\$ 945,511
Public safety	76,900	84,275	80,743	3,532
Public services	9,066,658	9,551,957	8,683,896	868,061
Recreation	3,405,531	3,577,096	3,239,733	337,363
Sanitation	2,596,572	2,646,572	2,506,162	140,410
Transfers out	1,953,213	2,198,397	2,154,825	43,572
Total expenditures	<u>\$ 24,174,805</u>	<u>\$ 25,960,315</u>	<u>\$ 23,621,866</u>	<u>\$ 2,338,449</u>

Charter Township of Canton

Police				
	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ 12,010,235	\$ 12,010,235	\$ 11,709,777	\$ (300,458)
Licenses and permits	51,650	51,650	42,162	(9,488)
Federal sources	28,110	50,178	96,069	45,891
State sources	16,500	16,500	34,643	18,143
Charges for services	111,000	111,000	74,066	(36,934)
Royalties	-	-	-	-
Summit recreation fees	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Interest and other	200,750	224,462	196,233	(28,229)
Transfers in	-	-	-	-
Fund balance appropriation	-	1,219,958	1,036,724	(183,234)
Total revenues	<u>\$ 12,418,245</u>	<u>\$ 13,683,983</u>	<u>\$ 13,189,674</u>	<u>\$ (494,309)</u>
Expenditures				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	12,284,887	12,518,308	12,023,999	494,309
Recreation	-	-	-	-
Other	-	-	-	-
Transfers to other funds	71,419	1,165,675	1,165,675	-
Transfer to fund balance	61,939	-	-	-
Total expenditures	<u>\$ 12,418,245</u>	<u>\$ 13,683,983</u>	<u>\$ 13,189,674</u>	<u>\$ 494,309</u>

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Year Ended December 31, 2004

Fire				Public Improvement			
Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
\$ 7,347,438	\$ 7,347,438	\$ 7,163,185	\$ (184,253)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
9,500	9,500	43,878	34,378	-	-	-	-
2,300	2,300	2,300	-	-	-	-	-
480,000	509,000	565,873	56,873	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,500,000	2,500,000	-	-	-	-	-
138,000	139,000	136,868	(2,132)	251,000	251,000	3,038,364	2,787,364
-	-	-	-	-	-	-	-
1,278,219	1,842,955	-	(1,842,955)	24,000	24,000	-	(24,000)
\$ 9,255,457	\$ 12,350,193	\$ 10,412,104	\$ (1,938,089)	\$ 275,000	\$ 275,000	\$ 3,038,364	\$ 2,763,364
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,041,200	11,573,077	7,732,947	3,840,130	5,000	25,000	14,989	10,011
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
214,257	777,116	777,116	-	270,000	250,000	-	250,000
-	-	1,902,041	(1,902,041)	-	-	3,023,375	(3,023,375)
\$ 9,255,457	\$ 12,350,193	\$ 10,412,104	\$ 1,938,089	\$ 275,000	\$ 275,000	\$ 3,038,364	\$ (2,763,364)

Charter Township of Canton

Community Improvement				
	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal sources	-	400,000	369,749	(30,251)
State sources	200,000	-	-	-
Charges for services	-	-	-	-
Royalties	850,000	980,000	1,241,583	261,583
Summit recreation fees	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Interest and other	34,000	34,000	10,364	(23,636)
Transfers in	550,000	550,000	550,000	-
Fund balance appropriation	389,149	1,323,404	956,122	(367,282)
Total revenues	<u>\$ 2,023,149</u>	<u>\$ 3,287,404</u>	<u>\$ 3,127,818</u>	<u>\$ (159,586)</u>
Expenditures				
General government	\$ 1,522,750	\$ 2,336,019	\$ 2,176,433	\$ 159,586
Public safety	-	-	-	-
Recreation	-	-	-	-
Other	-	-	-	-
Transfers to other funds	500,399	951,385	951,385	-
Transfer to fund balance	-	-	-	-
Total expenditures	<u>\$ 2,023,149</u>	<u>\$ 3,287,404</u>	<u>\$ 3,127,818</u>	<u>\$ 159,586</u>

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
(Continued)
Year Ended December 31, 2004

Community Center				Cable TV			
Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	670,000	670,000	787,717	117,717
860,000	860,000	862,161	2,161	-	-	-	-
-	-	-	-	-	-	-	-
1,394,700	1,394,700	1,394,320	(380)	32,000	32,000	36,654	4,654
880,320	1,133,370	1,133,370	-	-	-	-	-
-	-	-	-	509,276	554,243	315,775	(238,468)
\$ 3,135,020	\$ 3,388,070	\$ 3,389,851	\$ 1,781	\$ 1,211,276	\$ 1,256,243	\$ 1,140,146	\$ (116,097)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,750	10,300	10,281	19	-	-	-	-
2,983,295	3,174,734	3,199,668	(24,934)	-	-	-	-
-	-	-	-	787,796	832,763	714,141	118,622
141,975	148,361	148,361	-	423,480	423,480	426,005	(2,525)
-	54,675	31,541	23,134	-	-	-	-
\$ 3,135,020	\$ 3,388,070	\$ 3,389,851	\$ (1,781)	\$ 1,211,276	\$ 1,256,243	\$ 1,140,146	\$ 116,097

Charter Township of Michigan

Note to Required Supplemental Information December 31, 2004

Note - Budgetary information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds except that fund balance appropriation and transfers are budgeted as either revenue or expenditures to balance the budget. All annual appropriations lapse at fiscal year end.

The statement comparing actual to budgeted revenue and expenditures is presented in the format of the operating statement.

Following is a reconciliation of the budget statement of the General Fund and other major Special Revenue Funds to the operating statement:

	Budget Statement	Fund Balance Appropriation	Issuance of Debt	Transfers	Operating Statement
General Fund:					
Total revenue	\$ 23,621,866	\$ (1,686,075)	\$ -	\$ (625,776)	\$ 21,310,015
Total expenditures	23,621,866	-	-	(2,154,825)	21,467,041
Police Fund:					
Total revenue	13,189,674	(1,036,724)	-		12,152,950
Total expenditures	13,189,674		-	(1,165,675)	12,023,999
Fire Fund:					
Total revenue	10,412,104	-	(2,500,000)	-	7,912,104
Total expenditures	10,412,104	(1,902,041)	-	(777,116)	7,732,947
Public Improvement Fund -					
Total expenditures	3,038,364	(3,023,375)	-	-	14,989
Community Improvement Fund:					
Total revenue	3,127,818	(956,122)	-	(550,000)	1,621,696
Total expenditures	3,127,818	-	-	(951,385)	2,176,433
Community Center Fund:					
Total revenue	3,389,851	-	-	(1,133,370)	2,256,481
Total expenditures	3,389,851	(31,541)	-	(148,361)	3,209,949
Cable TV Fund:					
Total revenue	1,140,146	(315,775)	-	-	824,371
Total expenditures	1,140,146	-	-	(426,005)	714,141

The Charter Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to the last Friday in August, the Charter Township Supervisor submits to the Board of Trustees (the "Board") a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Charter Township of Michigan

Note to Required Supplemental Information December 31, 2004

Note - Budgetary information (Continued)

- A public hearing is conducted in September to obtain taxpayer comments.
- In October, the budget is legally adopted by the Board through adoption of the appropriation ordinance.
- The Charter Township Supervisor is authorized to transfer budgeted amounts within budgetary centers (activity); however, any revisions that alter the total expenditure of any budgetary center (activity) must be approved by the Board.

The budget document presents information by fund, function, department, and line items. The budgets for the Special Revenue Funds, Debt Service Funds, and Capital Projects Funds have been adopted on a fund basis; the budget for the General Fund has been adopted on an activity basis. The adopted budget is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations. The Board must approve all budget amendments made throughout the year. With the exception of the Capital Projects Road Paving Fund, only the amendments and final budgets for the Capital Projects and Debt Service Funds are approved by the Board. Transfers within a fund may be approved by the Charter Township Supervisor. During the current year, the budget was amended in a legally permissible manner. The budgets for the General Fund and Street Lighting Fund were amended subsequent to December 31, 2004.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds - The Charter Township had no significant budget variances during the current year.

Other Supplemental Information

Charter Township of Canton

	Nonmajor Special Revenue				
	Special Investigation	Street Lighting	Community Development Block Grant	911 Service Fund	Building Authority
Assets					
Cash and cash equivalents	\$ 1,152,669	\$ 132,229	\$ 402,499	\$ 857,524	\$ 500
Receivables - Net:					
Special assessments	-	86,348	-	-	-
Accrued interest and other receivables	371	-	-	8,020	-
Due from other funds	-	10,000	-	-	-
Due from other governmental units	3,953	-	19,365	-	-
Restricted assets	-	-	-	-	-
Total assets	\$ 1,156,993	\$ 228,577	\$ 421,864	\$ 865,544	\$ 500
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 90,360	\$ 17,402	\$ 18,373	\$ 1,633	\$ -
Accrued and other liabilities	103,480	-	-	-	-
Due to other funds	27	-	403,491	-	-
Due to other governmental units	250	-	-	-	-
Deferred revenue:	-				
Special assessment	-	208,039	-	-	-
Property taxes and other	26,893	-	-	-	-
Total liabilities	221,010	225,441	421,864	1,633	-
Fund Balances					
Reserved	-	-	-	1,534	-
Unreserved	935,983	3,136	-	862,377	500
Total fund balances	935,983	3,136	-	863,911	500
Total liabilities and fund balances	\$ 1,156,993	\$ 228,577	\$ 421,864	\$ 865,544	\$ 500

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**

Nonmajor Debt Service

Palmer Road Paving	North Haggerty Storm	North Haggerty Paving	Beck Road Paving	South Haggerty Paving	Koppernick Corporate Park	Tonquish Creek Storm Sewer	Lotz Road Paving	Denton Road Paving
\$ -	\$ -	\$ -	\$ 819,520	\$ 42,569	\$ 288,192	\$ 608,111	\$ 3,858	\$ -
-	-	-	29,409	531,065	591,536	89,229	550,115	1,500,000
-	-	-	1,449	49	-	2,534	-	-
338	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850,378</u>	<u>\$ 573,683</u>	<u>\$ 879,728</u>	<u>\$ 699,874</u>	<u>\$ 553,973</u>	<u>\$ 1,500,000</u>
\$ 338	\$ -	\$ -	\$ 10,121	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	15,099	437,237	465,075	21,685	520,306	1,500,000
-	-	-	-	-	-	-	-	-
338	-	-	25,220	437,237	465,075	21,685	520,306	1,500,000
-	-	-	-	-	-	-	-	-
-	-	-	825,158	136,446	414,653	678,189	33,667	-
-	-	-	825,158	136,446	414,653	678,189	33,667	-
<u>\$ 338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850,378</u>	<u>\$ 573,683</u>	<u>\$ 879,728</u>	<u>\$ 699,874</u>	<u>\$ 553,973</u>	<u>\$ 1,500,000</u>

Charter Township of Canton

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds (Continued) December 31, 2004

	Nonmajor Capital Projects Funds						Total Nonmajor Governmental Funds
	Road Paving	Koppernick Corporate Park Paving	Cherry Hill Road	Saltz Road Paving	Beck Road Paving	Lotz Road Paving	
Assets							
Cash and investments	\$ 243,964	\$ -	\$ 174,726	\$ 250,422	\$ -	\$ 1,404	\$ 4,978,187
Receivables - Net:							
Special assessments	-	-	-	-	-	-	3,377,702
Accrued interest and other receivables	755	-	-	-	-	-	13,178
Due from other funds	7,529	-	-	184,358	-	-	202,225
Due from other governmental units	-	-	-	-	-	-	23,318
Restricted assets	560,641	-	-	-	-	-	560,641
Total assets	\$ 812,889	\$ -	\$ 174,726	\$ 434,780	\$ -	\$ 1,404	\$ 9,155,251
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 7,925	\$ -	\$ 123,994	\$ 335,401	\$ -	\$ -	\$ 605,547
Accrued and other liabilities	-	-	-	-	-	-	103,480
Due to other funds	244,358	-	-	-	-	-	647,876
Due to other governmental units	-	-	-	-	-	-	250
Deferred revenue:							
Special assessment	-	-	-	-	-	-	3,167,441
Property taxes and other	-	-	-	-	-	-	26,893
Total liabilities	252,283	-	123,994	335,401	-	-	4,551,487
Fund Balances							
Reserved	588,319	-	11,308	-	-	-	601,161
Unreserved	(27,713)	-	39,424	99,379	-	1,404	4,002,603
Total fund balances	560,606	-	50,732	99,379	-	1,404	4,603,764
Total liabilities and fund balances	\$ 812,889	\$ -	\$ 174,726	\$ 434,780	\$ -	\$ 1,404	\$ 9,155,251

Charter Township of Canton

	Nonmajor Special Revenue Funds				
	Special Investigation	Street Lighting	Community Development Block Grant	911 Service Fund	Building Authority
Revenues					
Federal sources	\$ 117,011	\$ -	\$ 458,608	\$ -	\$ -
State sources	360,016	-	-	-	-
Charges for services	-	-	-	283,470	-
Special assessments	-	151,266	-	-	-
Contributions from other governmental units	-	-	-	-	521,039
Interest income	21,672	998	-	10,992	-
Land sales and other	211,189	800	-	-	-
Total revenues	709,888	153,064	458,608	294,462	521,039
Expenditures					
Current:					
General government	-	-	470,824	-	-
Public safety	715,897	-	-	127,144	-
Public services	-	214,516	-	-	-
Capital outlay	-	-	-	-	-
Debt principal payments	-	-	-	-	493,750
Interest and fiscal charges	-	-	-	-	473,813
Total expenditures	715,897	214,516	470,824	127,144	967,563
Excess of Revenues Over (Under)					
Expenditures	(6,009)	(61,452)	(12,216)	167,318	(446,524)
Other Financing Sources (Uses)					
Transfers in	-	10,000	-	-	446,524
Transfers out	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-
Total other financing sources (uses)	-	10,000	-	-	446,524
Net Change in Fund Balances	(6,009)	(51,452)	(12,216)	167,318	-
Fund Balances - Beginning of year	941,992	54,588	12,216	696,593	500
Fund Balances - End of year	<u>\$ 935,983</u>	<u>\$ 3,136</u>	<u>\$ -</u>	<u>\$ 863,911</u>	<u>\$ 500</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2004

Nonmajor Debt Service Funds								
Palmer Road Paving	North Haggerty Storm	North Haggerty Paving	Beck Road Paving	South Haggerty Paving	Koppernick Corporate Park	Tonquish Creek Storm Sewer	Lotz Road Paving	Denton Road Paving
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	87,450	137,869	222,803	85,863	32,131	-
-	-	-	-	-	-	-	-	-
655	198	347	18,241	29,274	40,832	50,176	1,536	-
-	-	-	-	-	-	-	-	-
655	198	347	105,691	167,143	263,635	136,039	33,667	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
55,000	-	-	175,000	250,000	165,000	210,000	-	-
2,463	-	-	21,953	36,600	28,418	36,170	-	-
57,463	-	-	196,953	286,600	193,418	246,170	-	-
(56,808)	198	347	(91,262)	(119,457)	70,217	(110,131)	33,667	-
-	-	-	532,258	-	136,882	495,629	-	-
(69,514)	(64,346)	(111,231)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(69,514)	(64,346)	(111,231)	532,258	-	136,882	495,629	-	-
(126,322)	(64,148)	(110,884)	440,996	(119,457)	207,099	385,498	33,667	-
126,322	64,148	110,884	384,162	255,903	207,554	292,691	-	-
\$ -	\$ -	\$ -	\$ 825,158	\$ 136,446	\$ 414,653	\$ 678,189	\$ 33,667	\$ -

Charter Township of Canton

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

	Nonmajor Capital Project Funds						
	Road Paving	Koppernick Corporate Park Paving	Cherry Hill Road	Saltz Road Paving	Beck Road Paving	Lotz Road Paving	Total Nonmajor Governmental Funds
Revenues							
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575,619
State sources	-	-	-	-	-	-	360,016
Charges for services	-	-	-	-	-	-	283,470
Special assessments	-	-	-	-	-	-	717,382
Contributions from other governmental units	-	-	-	-	-	-	521,039
Interest income	5,301	482	15,992	7,704	1,713	1,568	207,681
Land sales and other	101,802	-	-	479,320	-	-	793,111
Total revenues	107,103	482	15,992	487,024	1,713	1,568	3,458,318
Expenditures							
Current:							
General government	-	-	-	-	-	-	470,824
Public safety	-	-	-	-	-	-	843,041
Public services	-	-	-	-	-	-	214,516
Capital outlay	1,126,671	-	1,958,543	2,016,613	-	660,906	5,762,733
Debt principal payments	-	-	-	-	-	-	1,348,750
Interest and fiscal charges	5,481	-	-	-	-	-	604,898
Total expenditures	1,132,152	-	1,958,543	2,016,613	-	660,906	9,244,762
Excess of Revenues Over (Under) Expenditures	(1,025,049)	482	(1,942,551)	(1,529,589)	1,713	(659,338)	(5,786,444)
Other Financing Sources (Uses)							
Transfers in	270,000	-	-	184,358	-	-	2,075,651
Transfers out	(184,358)	(136,882)	-	-	(486,846)	(495,629)	(1,548,806)
Proceeds from sale of bonds	1,500,000	-	1,993,283	1,444,610	-	662,107	5,600,000
Total other financing sources (uses)	1,585,642	(136,882)	1,993,283	1,628,968	(486,846)	166,478	6,126,845
Net Change in Fund Balances	560,593	(136,400)	50,732	99,379	(485,133)	(492,860)	340,401
Fund Balances - Beginning of year	13	136,400	-	-	485,133	494,264	4,263,363
Fund Balances - End of year	\$ 560,606	\$ -	\$ 50,732	\$ 99,379	\$ -	\$ 1,404	\$ 4,603,764

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Major Capital Projects Funds Year Ended December 31, 2004

Capital Projects - Building Construction

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Land sales and other	\$ -	\$ 3,192,500	\$ 2,128,969	\$ (1,063,531)
Transfers in	-	1,942,791	2,242,791	300,000
Fund balance appropriation	-	10,949,292	9,319,523	(1,629,769)
Total revenues	<u>\$ -</u>	<u>\$ 16,084,583</u>	<u>\$ 13,691,283</u>	<u>\$ (2,393,300)</u>
Expenditures - Current - Capital outlay	<u>\$ -</u>	<u>\$ 16,084,583</u>	<u>\$ 13,691,283</u>	<u>\$ 2,393,300</u>

Capital Projects - Building Authority Construction

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues - Interest income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,011</u>	<u>\$ 6,011</u>
Expenditures - Transfer to fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,011</u>	<u>\$ 6,011</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended December 31, 2004

Special Revenue Fund - Special Investigation

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Federal sources	\$ 100,750	\$ 111,011	\$ 117,011	\$ 6,000
State sources	376,192	300,000	360,016	60,016
Interest and other	194,350	280,682	232,861	(47,821)
Fund balance appropriation	98,590	102,789	6,009	(96,780)
Total revenues	<u>\$ 769,882</u>	<u>\$ 794,482</u>	<u>\$ 715,897</u>	<u>\$ (78,585)</u>
Expenditures - Current expenditures				
Public safety	\$ 764,882	\$ 794,482	\$ 715,897	\$ 78,585
Transfers out	5,000	-	-	-
Total expenditures	<u>\$ 769,882</u>	<u>\$ 794,482</u>	<u>\$ 715,897</u>	<u>\$ 78,585</u>

Special Revenue Fund - Street Lighting

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Special assessments	\$ 188,260	\$ 151,266	\$ 151,266	\$ -
Interest income	1,450	1,450	998	(452)
Land sales and other	782	51,806	800	(51,006)
Transfer in	-	10,000	10,000	-
Fund balance appropriation	-	-	51,452	51,452
Total revenues	<u>\$ 190,492</u>	<u>\$ 214,522</u>	<u>\$ 214,516</u>	<u>\$ (6)</u>
Expenditures - Current expenditures -				
Public services	<u>\$ 190,492</u>	<u>\$ 214,522</u>	<u>\$ 214,516</u>	<u>\$ 6</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

Special Revenue Fund - Community Development Block Grant

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Federal sources	\$ 38,808	\$ 740,616	\$ 458,608	\$ (282,008)
Rental income	3,600	-	-	-
Fund balance appropriation	-	-	12,216	12,216
Total revenues	<u>\$ 42,408</u>	<u>\$ 740,616</u>	<u>\$ 470,824</u>	<u>\$ (269,792)</u>
Expenditures - General government	<u>\$ 42,408</u>	<u>\$ 740,616</u>	<u>\$ 470,824</u>	<u>\$ 269,792</u>

Special Revenue Fund - 911 Service

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 278,000	\$ 278,000	\$ 283,470	\$ 5,470
Interest and other	8,000	8,000	10,992	2,992
Total revenues	<u>\$ 286,000</u>	<u>\$ 286,000</u>	<u>\$ 294,462</u>	<u>\$ 8,462</u>
Expenditures				
Current expenditures - Public safety	\$ 59,800	\$ 168,863	\$ 127,144	\$ 41,719
Transfer to fund balance	226,200	117,137	167,318	(50,181)
Total expenditures	<u>\$ 286,000</u>	<u>\$ 286,000</u>	<u>\$ 294,462</u>	<u>\$ (8,462)</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

Debt Service Fund - Building Authority

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Contributions from other governmental units	\$ -	\$ 521,400	\$ 521,039	\$ (361)
Transfers in	-	446,476	446,524	48
Total revenues	<u>\$ -</u>	<u>\$ 967,876</u>	<u>\$ 967,563</u>	<u>\$ (313)</u>
Expenditures - Current expenditures				
Debt principal payments	\$ -	\$ 493,750	\$ 493,750	\$ -
Interest and fiscal charges	-	474,126	473,813	313
Total expenditures	<u>\$ -</u>	<u>\$ 967,876</u>	<u>\$ 967,563</u>	<u>\$ 313</u>

Debt Service Fund - Palmer Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Interest and other	\$ -	\$ 2,748	\$ 655	\$ (2,093)
Fund balance appropriation	-	124,567	126,322	1,755
Total revenues	<u>\$ -</u>	<u>\$ 127,315</u>	<u>\$ 126,977</u>	<u>\$ (338)</u>
Expenditures				
Debt principal payments	\$ -	\$ 55,000	\$ 55,000	\$ -
Interest and fiscal charges	-	2,463	2,463	-
Transfers out	-	69,852	69,514	338
Total expenditures	<u>\$ -</u>	<u>\$ 127,315</u>	<u>\$ 126,977</u>	<u>\$ 338</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

Debt Service Fund - North Haggerty Storm

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Interest and other	\$ -	\$ 198	\$ 198	\$ -
Fund balance appropriation	-	64,148	64,148	-
Total revenues	<u>\$ -</u>	<u>\$ 64,346</u>	<u>\$ 64,346</u>	<u>\$ -</u>
Expenditures - Transfers out	<u>\$ -</u>	<u>\$ 64,346</u>	<u>\$ 64,346</u>	<u>\$ -</u>

Debt Service Fund - North Haggerty Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Interest and other	\$ -	\$ 347	\$ 347	\$ -
Fund balance appropriation	-	110,884	110,884	-
Total revenues	<u>\$ -</u>	<u>\$ 111,231</u>	<u>\$ 111,231</u>	<u>\$ -</u>
Expenditures - Transfer out	<u>\$ -</u>	<u>\$ 111,231</u>	<u>\$ 111,231</u>	<u>\$ -</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

Debt Service Fund - Beck Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Special assessments	\$ -	\$ 87,450	\$ 87,450	\$ -
Interest and other	-	17,550	18,241	691
Transfers in	-	532,246	532,258	12
Total revenues	<u>\$ -</u>	<u>\$ 637,246</u>	<u>\$ 637,949</u>	<u>\$ 703</u>
Expenditures				
Debt principal payments	\$ -	\$ 175,000	\$ 175,000	\$ -
Interest and fiscal charges	-	21,953	21,953	-
Transfer to fund balance	-	440,293	440,996	(703)
Total expenditures	<u>\$ -</u>	<u>\$ 637,246</u>	<u>\$ 637,949</u>	<u>\$ (703)</u>

Debt Service Fund - South Haggerty Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Special assessments	\$ -	\$ -	\$ 137,869	\$ 137,869
Interest and other	-	1,300	29,274	27,974
Fund balance appropriation	-	285,300	119,457	(165,843)
Total revenues	<u>\$ -</u>	<u>\$ 286,600</u>	<u>\$ 286,600</u>	<u>\$ -</u>
Expenditures				
Debt principal payments	\$ -	\$ 250,000	\$ 250,000	\$ -
Interest and fiscal charges	-	36,600	36,600	-
Total expenditures	<u>\$ -</u>	<u>\$ 286,600</u>	<u>\$ 286,600</u>	<u>\$ -</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

Debt Service Fund - Koppernick Corporate Park

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Special assessments	\$ -	\$ 231,600	\$ 222,803	\$ (8,797)
Interest and other	-	40,650	40,832	182
Transfer in	-	136,882	136,882	-
Total revenues	<u>\$ -</u>	<u>\$ 409,132</u>	<u>\$ 400,517</u>	<u>\$ (8,615)</u>
Expenditures				
Debt principal payments	\$ -	\$ 165,000	\$ 165,000	\$ -
Interest and fiscal charges	-	28,419	28,418	1
Transfer to fund balance	-	215,713	207,099	8,614
Total expenditures	<u>\$ -</u>	<u>\$ 409,132</u>	<u>\$ 400,517</u>	<u>\$ 8,615</u>

Debt Service Fund - Tonquish Creek Storm Sewer

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Special assessments	\$ -	\$ 97,500	\$ 85,863	\$ (11,637)
Interest and other	-	45,750	50,176	4,426
Transfers in	-	495,629	495,629	-
Total revenues	<u>\$ -</u>	<u>\$ 638,879</u>	<u>\$ 631,668</u>	<u>\$ (7,211)</u>
Expenditures				
Current expenditures:				
Debt principal payments	\$ -	\$ 210,000	\$ 210,000	\$ -
Interest and fiscal charges	-	36,169	36,170	(1)
Transfer to fund balance	-	392,710	385,498	7,212
Total expenditures	<u>\$ -</u>	<u>\$ 638,879</u>	<u>\$ 631,668</u>	<u>\$ 7,211</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

Debt Service Fund - Lotz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Special assessments	\$ -	\$ 32,000	\$ 32,131	\$ 131
Interest income	-	1,500	1,536	36
Total revenues	<u>\$ -</u>	<u>\$ 33,500</u>	<u>\$ 33,667</u>	<u>\$ 167</u>
Expenditures - Transfer to fund balance	<u>\$ -</u>	<u>\$ 33,500</u>	<u>\$ 33,667</u>	<u>\$ (167)</u>

Capital Projects Fund - Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Interest income	\$ 7,000	\$ 7,000	\$ 5,301	\$ (1,699)
Land sales and other	-	98,567	101,802	3,235
Proceeds from the sale of bonds	-	1,500,000	1,500,000	-
Transfers in	270,000	270,000	270,000	-
Total revenues	<u>\$ 277,000</u>	<u>\$ 1,875,567</u>	<u>\$ 1,877,103</u>	<u>\$ 1,536</u>
Expenditures				
Capital outlay	\$ 277,000	\$ 1,691,209	\$ 1,126,671	\$ 564,538
Interest expense	-	-	5,481	(5,481)
Transfers out	-	184,358	184,358	-
Transfer to fund balance	-	-	560,593	(560,593)
Total expenditures	<u>\$ 277,000</u>	<u>\$ 1,875,567</u>	<u>\$ 1,877,103</u>	<u>\$ (1,536)</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

Capital Project Fund - Koppernick Corporate Park Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Interest income	\$ -	\$ 482	\$ 482	\$ -
Fund balance appropriation	-	136,400	136,400	-
Total revenues	<u>\$ -</u>	<u>\$ 136,882</u>	<u>\$ 136,882</u>	<u>\$ -</u>
Expenditures - Transfer out	<u>\$ -</u>	<u>\$ 136,882</u>	<u>\$ 136,882</u>	<u>\$ -</u>

Capital Projects Fund - Cherry Hill Road

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Interest income	\$ -	\$ -	\$ 15,992	\$ 15,992
Proceeds from sale of bonds	-	2,000,000	1,993,283	(6,717)
Total revenues	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 2,009,275</u>	<u>\$ 9,275</u>
Current Expenditures				
Capital outlay	\$ -	\$ 2,000,000	\$ 1,958,543	\$ 41,457
Transfer to fund balance	-	-	50,732	(50,732)
Total expenditures	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 2,009,275</u>	<u>\$ (9,275)</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

Capital Projects Fund - Saltz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Interest and other	\$ -	\$ 1,014,000	\$ 487,024	\$ (526,976)
Proceeds from bond sale	-	1,440,000	1,444,610	4,610
Transfer in	-	184,358	184,358	-
Total revenues	<u>\$ -</u>	<u>\$ 2,638,358</u>	<u>\$ 2,115,992</u>	<u>\$ (522,366)</u>
Expenditures				
Capital outlay	\$ -	\$ 2,454,000	\$ 2,016,613	\$ 437,387
Transfer to fund balance	-	184,358	99,379	84,979
Total expenditures	<u>\$ -</u>	<u>\$ 2,638,358</u>	<u>\$ 2,115,992</u>	<u>\$ 522,366</u>

Capital Projects Fund - Beck Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Interest income	\$ -	\$ 1,713	\$ 1,713	\$ -
Fund balance appropriation	-	485,133	485,133	-
Total revenues	<u>\$ -</u>	<u>\$ 486,846</u>	<u>\$ 486,846</u>	<u>\$ -</u>
Expenditures - Transfer out	<u>\$ -</u>	<u>\$ 486,846</u>	<u>\$ 486,846</u>	<u>\$ -</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

Capital Projects Fund - Lotz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Interest income	\$ -	\$ 6,365	\$ 1,568	\$ (4,797)
Proceeds from sale of bonds	-	660,000	662,107	2,107
Other income	-	14,000	-	(14,000)
Fund balance appropriation	-	494,264	492,860	(1,404)
Total revenues	<u>\$ -</u>	<u>\$ 1,174,629</u>	<u>\$ 1,156,535</u>	<u>\$ (18,094)</u>
Expenditures				
Transfers out	\$ -	\$ 495,629	\$ 495,629	\$ -
Capital outlay	-	679,000	660,906	18,094
Total expenditures	<u>\$ -</u>	<u>\$ 1,174,629</u>	<u>\$ 1,156,535</u>	<u>\$ 18,094</u>

Charter Township of Canton

Other Supplemental Information Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2004

	Agency Funds			
	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
<u>Tax Collections</u>				
Assets - Cash and cash equivalents	<u>\$ 18,945,282</u>	<u>\$ 123,771,329</u>	<u>\$ 121,826,326</u>	<u>\$ 20,890,285</u>
Liabilities - Due to other governmental units	<u>\$ 18,945,282</u>	<u>\$ 94,970,373</u>	<u>\$ 93,025,370</u>	<u>\$ 20,890,285</u>
<u>Other Agency Funds</u>				
Assets - Cash and cash equivalents	<u>\$ 1,269,119</u>	<u>\$ 2,813,475</u>	<u>\$ 3,075,940</u>	<u>\$ 1,006,654</u>
Liabilities - Cash bonds and deposits	<u>\$ 1,269,119</u>	<u>\$ 2,813,475</u>	<u>\$ 3,075,940</u>	<u>\$ 1,006,654</u>
<u>Total Agency Funds</u>				
Assets - Cash and cash equivalents	<u>\$ 20,214,401</u>	<u>\$ 126,584,804</u>	<u>\$ 124,902,266</u>	<u>\$ 21,896,939</u>
Liabilities				
Due to other governmental funds	\$ 18,945,282	\$ 94,970,373	\$ 93,025,370	\$ 20,890,285
Cash bonds and deposits	<u>1,269,119</u>	<u>2,813,475</u>	<u>3,075,940</u>	<u>1,006,654</u>
Total liabilities	<u>\$ 20,214,401</u>	<u>\$ 97,783,848</u>	<u>\$ 96,101,310</u>	<u>\$ 21,896,939</u>

Statistical Section

Charter Township of Canton

Fiscal Year	Property Taxes	Licenses and Permits	State Sources	Federal Sources	Charges for Services
1995	\$ 10,745,990	\$ 1,885,000	\$ 4,864,915	\$ 523,241	\$ 653,191
1996	11,622,160	2,133,573	5,598,101	443,329	1,697,905
1997	13,102,303	2,485,544	6,109,169	604,857	1,998,427
1998	14,337,246	2,702,634	6,431,656	431,936	2,214,667
1999	15,393,566	2,657,891	6,726,315	583,893	2,951,991
2000	16,928,959	2,442,411	7,159,118	705,193	3,238,193
2001	18,260,062	2,587,070	9,193,412	1,420,904	3,266,027
2002	20,436,493	2,551,057	7,709,288	688,661	2,976,653
2003	22,727,254	2,403,811	7,051,541	764,073	3,172,143
2004	24,861,085	2,591,470	6,534,179	1,164,970	3,867,639

- (1) Beginning in 1996, charges for services include revenues from the “recreation center,” which began operations in 1996.
- (2) In 1996, the Charter Township had a large increase in revenues from land sales in comparison to prior years. The Charter Township’s land sales in 1996 were greater than \$4,000,000.
- (3) In 1997, the courthouse was destroyed in a fire. The majority of court fees were retained by the Court to fund the rebuilding effort in 1997 and 1998. In 1999, the courthouse was again operational and court fees were distributed to the participating communities.
- (4) In 1997, there was a new special assessment (South Haggerty Paving) and many collections of prior special assessments.
- (5) In 1999, Canton Township began accounting for the Western Wayne Narcotics Consortium in a Special Revenue Fund. An initial transfer of approximately \$900,000 was made to this fund. In addition, the Township took over the food service contracts at both the Summit on the Park as well as Pheasant Run Golf Course.
- (6) In 2002, the Golf Course Fund was reclassified to a proprietary fund type concurrent with the adoption of GASB 34.
- (7) In 2004, Canton Township had a large increase in revenues from land sales in comparison to prior years. The Township’s land sales in 2004 were greater than \$3,000,000.

General Revenues by Source
General, Special Revenue, and Debt Service Funds
(Unaudited)

			Contributions from Other		
Court Fees	Administrative Charges	Special Assessments	Governmental Units	Other Revenues	Total
\$ 627,910	\$ 619,110	\$ 610,767	\$ 478,750	\$ 4,513,004	\$ 25,521,878
680,741	880,086	479,069	460,150	9,789,913 (1) (2)	33,785,027
198,757 (3)	930,846	1,101,840 (4)	440,875	6,510,689	33,483,307
5,278 (3)	987,129	873,560	471,250	7,906,869	36,362,225
408,822 (3)	1,314,373	1,154,957	456,313	9,688,650 (5)	41,336,771
822,569	1,374,174	1,033,262	423,950	9,528,584 (5)	43,656,413
1,693,792	1,656,446	909,283	399,800	9,171,663 (5)	48,558,459
488,992	2,589,298	737,763	695,624	5,615,741 (6)	44,489,570
200,534	2,791,714	739,165	321,262	5,463,603 (6)	45,635,100
74,236	3,046,138	717,382	521,039	8,582,279 (7)	51,960,417

Charter Township of Canton

Fiscal Year	General Government	Public Safety	Public Services	Recreation
1995	\$ 4,725,838	\$ 10,452,164	\$ 2,762,892	\$ 1,803,222
1996	5,784,092	10,628,289	3,342,035	3,380,887
1997	5,596,024	11,406,335	4,711,869	3,333,733
1998	5,908,351	12,273,979	4,581,140	3,460,918
1999	6,815,285	13,592,109	4,723,662	5,324,020 (1)
2000	7,093,633	13,760,299	8,813,786 (2)	6,007,321 (3)
2001	7,795,598	17,417,837	7,872,144	5,804,672
2002	9,199,038	17,338,695	7,833,373	5,461,281 (4)
2003	8,121,823	19,142,528	8,620,309	6,005,243
2004	9,606,264	20,706,000	8,898,412	6,439,401

- (1) In 1999, the Charter Township purchased the Canton Softball Center and the expenditures related to operations are recorded in the General Fund.
- (2) In 2000, the Charter Township purchased land to be used for future parks.
- (3) In 2000, the Charter Township made various capital improvements to Fellows Creek Golf Club, which are recorded in the Golf Course Fund.
- (4) In 2002, the Golf Course Fund was reclassified to a proprietary fund type concurrent with the adoption of GASB 34.

General Government Expenditures by Function
General, Special Revenue, and Debt Service Funds
(Unaudited)

Sanitation	Debt Service	Other Expenditures	Total
\$ 1,445,917	\$ 1,623,422	\$ 189,024	\$ 23,002,479
1,474,134	1,651,519	548,681	26,809,637
1,699,962	1,854,884	355,121	28,957,928
1,600,619	2,148,437	275,300	30,248,744
1,895,826	2,583,909	317,224	35,252,035
1,962,340	2,557,787	301,500	40,496,666
2,171,248	3,558,334	375,655	44,995,488
2,083,855	2,593,465	428,849	44,938,556
2,284,566	2,353,412	334,697	46,862,578
2,506,162	1,948,167	711,641	50,816,047

Charter Township of Canton

General Fund Balance Compared to Annual Expenditures (Unaudited)

Fiscal Year	Reserved Fund Balance	Unreserved Fund Balance	Annual Expenditures	Unreserved Fund Balance as a Percentage of Expenditures
1995	\$ 67,158	\$ 3,854,769	\$ 9,310,535	41.40
1996	309,001	4,871,820	10,124,629	48.12
1997	177,534	6,815,696	10,333,311	65.96
1998	262,547	8,327,176	10,984,802	75.81
1999	347,189	7,677,952	13,687,691	56.09
2000	585,215	8,055,315	14,350,342	56.13
2001	545,652	6,781,211	16,616,576	40.81
2002	569,543	5,748,432	18,485,918	31.10
2003	562,679	4,857,473	20,125,014	24.14
2004	156,840	3,190,658	21,467,041	14.86

Charter Township of Canton

General Government State Revenues by Source General, Special Revenue, and Debt Services Funds (Unaudited)

Fiscal Year	State Income Tax	State Sales Tax	State Business Tax	Public Grants	Total
1995	\$ 950,393	\$ 3,008,404	\$ 478,832	\$ 427,286	\$ 4,864,915
1996	568,618	4,034,948	524,565	469,970	5,598,101
1997	-	4,902,553	2,379	1,204,237	6,109,169
1998	-	5,973,581	2,379	455,696	6,431,656
1999	-	6,315,230	-	411,085	6,726,315
2000	-	6,726,868	-	432,250	7,159,118
2001	-	7,740,557	-	1,452,855	9,193,412
2002	-	7,079,679	-	629,609	7,709,288
2003	-	6,516,026	-	632,810	7,148,836
2004	-	6,035,884	-	498,295	6,534,179

Charter Township of Canton

Computation of Legal Debt Margin December 31, 2004 (Unaudited)

Debt Limit

2004 taxable valuation	<u>\$ 3,256,563,689</u>
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Debt limit (10% of Equalized Valuation)	\$ 325,656,369
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Debt Applicable to Debt Limit

Total bond obligation including Michigan State Revolving Loan Fund	\$ 53,370,000
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Less special assessment bonds	<u>8,175,000</u>
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Total debt applicable to limitation	<u>45,195,000</u>
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Legal Debt Margin	<u>\$ 280,461,369</u>
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Charter Township of Canton

Ratio of Annual Debt Service Expenditures for Township Portion of Special Assessment General Obligation Bonded Debt to Total General Governmental Expenditures Last Ten Fiscal Years (Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to General Expenditures
1995	\$ 423,860	\$ 37,681	\$ 461,541	\$ 23,002,479	2.01
1996	81,241	61,910	143,151	26,809,637	0.53
1997	99,631	59,205	158,836	28,957,928	0.55
1998	121,168	63,212	184,380	30,248,744	0.61
1999	375,285	62,795	438,080	35,252,035	1.24
2000	195,655	34,200	229,855	40,496,666	0.57
2001	91,569	31,540	123,109	44,995,488	0.27
2002	80,269	16,338	96,607	44,938,556	0.21
2003	75,665	11,631	87,296	46,862,578	0.19
2004	40,811	4,601	45,412	50,816,047	0.09

(1) Includes General, Special Revenue, and Debt Service Funds.

Charter Township of Canton

Ratio of Township Portion of Special Assessment General Obligation Bonded Debt to Assessed Value and Township Portion of Special Assessment General Obligation Bonded Debt Per Capita (1) Last Ten Fiscal Years (Unaudited)

Fiscal Year	Assessed (3)	Estimated Population (2)	General Bonded Debt Outstanding	Percent of General Bonded Debt to Assessed Value	General Bonded Debt Per Capita
1995	\$ 1,318,659,160	\$ 66,100	\$ 190,425	1.44	2.88
1996	1,470,814,152	69,000	499,677	3.40	7.24
1997	1,623,155,252	69,000	735,291	4.53	10.66
1998	1,807,347,573	72,000	898,495	4.97	12.48
1999	2,013,647,997	75,000	774,294	3.85	10.32
2000	2,208,749,763	76,366	444,382	2.01	5.82
2001	2,465,889,990	76,366	352,813	1.43	4.62
2002	2,711,891,649	81,681	258,902	0.95	3.17
2003	2,979,011,857	82,612	169,595	1.00	2.05
2004	3,256,563,689	83,567	100,206	1.00	1.20

- (1) General obligation bonds reported in the Enterprise Fund with government commitment and Building Authority bonds have been excluded.
- (2) Population estimates from SEMCOG (Southeast Michigan Council of Governments) 2000 population is from U.S. Census.
- (3) From page 90 - Assessed Valuation History Table

Charter Township of Canton

Computation of Direct and Overlapping Debt December 31, 2004 (Unaudited)

		Net General Obligation Bonded Debt Outstanding	Percent Applicable to Canton	Amount Applicable to Canton
Jurisdiction				
Direct	Canton Township	\$ 31,715,000	100.00	\$ 31,715,000
	Canton Township - Downtown Development Authority	1,610,000	100.00	1,610,000
	Canton Library	5,800,000	100.00	1,400,000
Total direct		39,125,000		34,725,000
Overlapping	County of Wayne	115,059,610	7.09	8,157,726
	Wayne County Community College	67,830,000	1.78	1,207,374
	Plymouth-Canton Community Schools	219,635,000	52.33	114,934,996
	Van Buren Schools	13,180,000	13.75	1,812,250
	Wayne-Westland Schools	102,865,000	12.37	12,724,401
	District Court Facilities	3,700,000	47.00	1,739,000
	Western Townships Utilities Authority	123,250,000	37.90	46,716,190
Total overlapping		645,519,610		187,291,937
Total		<u>\$ 684,644,610</u>		<u>\$ 222,016,937</u>

Charter Township of Canton

Assessed Valuation History (Unaudited)

Fiscal Year	Taxable Value			Estimated Actual Valuation (I)	State Equalized Valuation
	Taxable Value Real Property	Personal Property	Total Taxable Value		
1994	\$ 1,126,158,230	\$ 81,155,680	\$ 1,207,313,910	\$ 2,414,627,820	\$ 1,207,313,910
1995	1,223,365,870	95,293,290	1,318,659,160	2,637,318,320	1,354,879,760
1996	1,364,208,772	106,605,380	1,470,814,152	2,941,628,304	1,529,176,917
1997	1,503,014,992	120,140,260	1,623,155,252	3,246,310,504	1,713,863,857
1998	1,677,090,903	130,256,670	1,807,347,573	3,614,695,146	1,951,425,250
1999	1,866,351,037	147,296,960	2,013,647,997	4,027,295,994	2,203,898,155
2000	2,058,212,403	150,537,360	2,208,749,763	4,417,499,526	2,479,871,370
2001	2,295,327,510	170,562,480	2,465,889,990	4,931,779,980	2,817,336,350
2002	2,542,497,469	169,394,180	2,711,891,649	5,423,783,298	3,226,241,880
2003	2,797,206,924	181,804,933	2,979,011,857	5,958,023,714	3,635,181,579
2004	3,062,418,433	194,145,256	3,256,563,689	6,513,127,378	3,954,442,252

Tax assessment day - December 31

- (I) Total values prior to 1995 were assessed at 50 percent of true cash value. Beginning with the 1995 assessments, the taxable value is limited by the lesser of inflation, growth in true cash value, or 5 percent. Noted increase from 2003 to 2004, which relates to the sale of property.

Charter Township of Canton

Special Assessment Collections (Unaudited)

Fiscal Year	Current Special Assessment Installment Due	Increase (Decrease) in Special Assessment	Current Special Assessment Collection	Ratio of Collections to Amount Due (Percent)	Total Outstanding Special Assessments
1995	\$ 377,775	\$ 219,000	\$ 1,273,719	337.2	\$ 1,634,297
1996	284,579	1,900,986	506,165	117.9	3,029,118
1997	441,163	2,387,285	1,364,022	309.2	4,052,381
1998	798,670	3,719,844	968,358	121.2	6,803,867
1999	795,441	507,641	1,235,561	155.3	6,075,947
2000	723,368	76,084	1,428,604	197.5	4,723,427
2001	729,607	347,516	1,124,373	154.1	3,969,018
2002	591,034	314,183	1,030,482	174.4	3,252,719
2003	586,443	(914,721)	599,206	149.0	1,738,792
2004	334,765	2,267,248	832,076	248.6	3,173,964

Note: Delinquent special assessments are transferred to the Charter Township tax rolls in the following year. The County Delinquent Tax Revolving Fund reimburses the Charter Township 100 percent of delinquent special assessments. The amounts reported above exclude special assessments for street lighting.

Charter Township of Canton

Property Tax Levies Direct and Overlapping Governments (Unaudited)

Fiscal Year	Township Tax (1)	County Tax	School Tax (2)	Community Colleges (3)	Library	Total
1995	\$ 12,394,801	\$ 21,071,777	\$ 11,128,716	\$ 2,391,635	\$ 2,180,007	\$ 49,166,936
1996	13,855,759	23,621,539	10,924,764	2,665,740	2,441,423	53,509,225
1997	15,107,040	26,059,318	12,218,335	2,934,049	2,690,266	59,009,008
1998	16,913,703	29,547,511	14,180,133	3,258,827	2,998,765	66,898,939
1999	18,470,753	33,209,749	18,102,913	3,584,162	3,337,812	76,705,389
2000	20,110,183	36,251,705	18,899,550	3,890,850	3,632,780	82,785,068
2001	22,119,165	40,383,938	21,897,170	4,802,730	3,932,108	93,135,111
2002	24,273,739	48,383,123	22,685,663	5,245,330	4,348,325	104,936,180
2003	26,557,594	49,902,033	24,468,787	5,749,593	4,719,494	111,397,501
2004	28,801,058	57,654,860	26,015,862	6,265,825	5,041,316	123,778,921

(1) Includes general operating, fire, and police taxes

(2) Includes the Plymouth-Canton, Wayne-Westland, and Van Buren school districts

(3) Represents taxes levied for Schoolcraft College and Wayne County Community College

Charter Township of Canton

Township Tax Collection History (Unaudited)

Fiscal Year	Tax Levy (l)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
1995	\$ 12,394,801	\$ 11,897,321	95.99	\$ 493,462	\$ 12,390,783	99.97
1996	13,855,759	13,169,981	95.05	680,757	13,850,738	99.96
1997	15,107,040	14,425,962	95.49	673,957	15,099,919	99.95
1998	16,913,703	15,915,798	94.10	993,722	16,909,520	99.98
1999	18,470,753	17,449,828	94.47	1,020,925	18,470,753	100.00
2000	20,110,183	18,939,449	94.18	1,160,679	20,100,128	99.95
2001	22,119,165	19,613,982	88.67	2,228,018	21,842,000	98.75
2002	24,273,739	22,263,375	91.72	1,291,979	23,555,354	97.04
2003	26,557,594	25,424,921	95.74	1,030,838	26,455,759	99.62
2004	28,801,058	27,562,131	95.70	1,101,872	28,664,003	99.52

Charter Township of Canton

	1995	1996	1997	1998
Wayne County	6.73	6.73	6.73	6.73
Canton Township	1.11	1.11	1.11	1.11
Schools (by district):				
Plymouth/Canton	5.08	5.18	5.18	5.18
Wayne/Westland	5.38	5.10	4.52	8.14
School Enhancement - Wayne/Westland	3.00	3.00	-	-
Van Buren	4.75	3.00	3.18	4.30
Community Colleges (by district):				
Plymouth/Canton	1.86	1.86	1.86	1.86
Wayne/Westland	1.28	1.21	1.20	1.15
Van Buren	1.28	1.21	1.20	1.15
Huron-Clinton Metro Parks	0.23	0.23	0.23	0.23
Wayne County Parks	-	0.25	0.25	0.25
Jail	0.96	0.96	0.96	0.96
Inter. School Dist./Spec. Ed.	2.00	2.00	2.00	2.00
Library	1.64	1.64	1.64	1.64
Police	5.16	5.16	5.16	5.00
Fire	3.10	3.10	3.10	2.94
State Education Tax	3.00	3.00	3.00	3.00
Total millage for year (by school district):				
Plymouth/Canton	30.87 (1)	31.22 (1)	31.22 (1)	30.90 (1)
Wayne/Westland	33.59 (1)	33.49 (1)	29.90 (1)	33.15 (1)
Van Buren	29.96 (1)	28.39 (1)	28.56 (1)	29.31 (1)

Note: All rates are expressed in dollars per \$1,000 of taxable value.

Canton Township general operating tax rate charter limit equals \$10.00 per \$1,000 of taxable value.

(1) All based on homesteads; nonhomestead additional 18.00 mills

Tax Rate History
Direct and Overlapping Governments
(Unaudited)

1999	2000	2001	2002	2003	2004
6.71	6.67	6.66	6.64	6.64	6.64
1.11	1.11	1.51	1.71	2.00	2.37
6.47	6.15	6.49	6.30	8.15	9.10
8.14	8.14	8.00	7.70	10.13	11.10
-	-	-	-	-	-
4.30	4.29	4.27	4.26	6.26	7.26
1.84	1.83	1.82	1.80	1.80	1.80
1.02	1.00	2.50	2.49	2.49	2.48
1.02	1.00	2.50	2.49	2.49	2.48
0.22	0.22	0.22	0.22	0.22	0.22
0.25	0.25	0.25	0.25	0.25	0.25
0.95	0.94	0.94	0.94	0.94	0.94
1.99	1.98	1.98	3.46	3.46	3.46
1.63	1.61	1.59	1.58	1.56	1.53
4.80	4.80	4.40	4.40	4.25	4.13
2.94	2.94	2.94	2.74	2.60	2.36
3.00	3.00	3.00	3.00	-	-
31.91 (1)	31.50 (1)	31.80 (1)	33.03 (1)	31.87 (1)	32.78 (1)
32.76 (1)	32.66 (1)	33.99 (1)	35.12 (1)	34.53 (1)	35.46 (1)
28.92 (1)	28.81 (1)	30.26 (1)	31.68 (1)	30.67 (1)	31.63 (1)

Charter Township of Canton

Principal Taxpayers December 31, 2004 (Unaudited)

Taxpayer	Real Assessed Valuation	Personal Property Assessed Valuation	Industrial and Commercial Facilities Tax Valuation	Total Assessed Valuation	Percentage of Total Township Assessed Valuation
Yazaki North America Inc.	\$ 10,170,324	\$ 10,287,890	\$ 30,281,424	\$ 50,739,638	1.28
Detroit Edison Company	-	26,804,673	-	26,804,673	0.68
Michigan Consolidated Gas	-	23,539,556	-	23,539,556	0.60
Procoil Corporation	4,469,330	5,943,370	7,285,810	17,698,510	0.45
Kmart Corporation	9,798,576	4,793,020	-	14,591,596	0.37
Singh Wyndchase Townhomes	11,844,000	-	-	11,844,000	0.30
Wal Mart	11,051,366	737,320	-	11,788,686	0.30
Uniboring	-	2,394,980	9,028,895	11,423,875	0.29
Honeytree	11,026,090	-	-	11,026,090	0.28
Lifetime Fitness	8,226,440	966,190	-	9,192,630	0.23
Total	<u>\$ 66,586,126</u>	<u>\$ 75,466,999</u>	<u>\$ 46,596,129</u>	<u>\$ 188,649,254</u>	<u>4.78</u>

Charter Township of Canton

Fiscal Year	Construction		Assessed	
	Number of Permits (1)	Construction Value	Commercial	Industrial
1995	973	\$ 130,869,958	\$ 161,878,260	\$ 71,939,620
1996	771	150,863,759	169,455,330	77,075,140
1997	856	184,905,790	172,421,330	83,789,320
1998	985	198,941,152	187,880,043	98,452,973
1999	758	199,165,050	199,860,214	110,139,639
2000	560	181,804,433	217,391,941	111,263,567
2001	613	212,606,453	238,431,201	126,293,992
2002	730	197,174,270	270,200,857	136,127,703
2003	511	183,417,340	322,206,541	141,129,471
2004	461	190,220,454	341,386,242	152,197,908

- (1) New construction permits issued for commercial, industrial, and residential. Construction value based on these as well as all other permits issued.
- (2) Bank deposits of First of America Bank - Michigan N.A. reported on a calendar year basis.
- (3) Bank deposits of Bank One - Michigan reported on a calendar year basis.

**Construction and Assessed Property Value
Last Ten Fiscal Years
(Unaudited)**

Property Value			
Residential	Agriculture	Developmental	Total
\$ 989,269,170	\$ 278,820	\$ -	\$ 1,223,365,870
1,117,008,342	669,960	-	1,364,208,772
1,246,123,452	680,890	-	1,503,014,992
1,390,068,311	689,576	-	1,677,090,903
1,555,657,654	693,530	-	1,866,351,037
1,728,853,394	703,501	-	2,058,212,403
1,929,949,340	652,977	-	2,295,327,510
2,136,168,909	-	-	2,542,497,469
2,333,870,912	-	-	2,797,206,924
2,568,834,283	-	-	3,062,418,433

Charter Township of Canton

Demographic Statistics (Unaudited)

Fiscal Year	Population		Estimated Number of Households	Per Capita Income	Median Age	Education Level in Years of Formal Schooling	Percent Unemployment Rate (1)
1995	66,100	(3)	(4)	(4)	(4)	(4)	2.10
1996	69,000	(3)	(4)	(4)	(4)	(4)	1.90
1997	67,924	(3)	23,500 (3)	(4)	(4)	(4)	1.70
1998	72,000	(3)	25,800 (3)	(4)	(4)	(4)	1.50
1999	75,000	(3)	27,294 (3)	(4)	(4)	(4)	1.50
2000	76,366	(2)	27,490 (2)	(4)	33.4 (2)	(4)	2.10
2001	79,449	(3)	28,443 (3)	(4)	(4)	(4)	2.00
2002	81,681	(3)	29,456 (3)	(4)	(4)	(4)	2.60
2003	82,612	(3)	30,613 (3)	(4)	(4)	(4)	3.40
2004	83,567	(3)	31,550 (3)	(4)	(4)	(4)	3.20

(1) Michigan Department of Labor & Economic Growth Employment Service Agency

(2) 2000 population from U.S. Census

(3) Southeast Michigan Council of Governments Information Services

(4) Not available

Charter Township of Canton

Miscellaneous Statistical Data (Unaudited)

Established	March 7, 1834
Form of government	Charter Township
Number of employees (excluding police and fire):	
Classified	79
Exempt	133
Area in square miles	36

Streets

Miles of streets	325
Street lights	705

Recreation

Community centers	1
Parks:	
Township-owned parks	10
County-owned parks	2
Private subdivision parks	35
Golf courses	2 - 45 holes

Public Safety

Public Safety Headquarters	1
Sworn Police Personnel	82
Support Services (Civilian)	30
Number of patrol units:	
Cars and Jeep	40
Prisoner van	1
Motorcycles	4
Number of violations:	
Physical arrests	2,682
Traffic violations	17,378
Parking violations	295

Fire Stations	2
Sworn Fire Personnel	57
Support Services (Civilian)	3
Number of calls answered	4,709

Election Data

November 2004 election:	
Registered voters	53,612
Voters at polls	41,585
Absentee ballots	10,482
Percent voting	97%

Population Data

1960 federal census	5,313
1970 federal census	11,026
1980 federal census	48,616
1990 federal census	57,040
2000 federal census	76,366

Library

Registered patrons	61,715
Items circulated	945,464
Book collections	210,708
Internet access available	www.metronet.lib.mi.us/canton

Water Department

Miles of water mains	279
Number of customers	22,425
Number of fire hydrants	3,493
Rates:	
Minimum - 5,000 gallons	11.30
Additional usage billed at \$2.26 per 1,000 gallons	

Sewerage System

Miles of sanitary sewers	248
Number of customers	22,111
Rates:	
Minimum - 5,000 gallons	15.75
Additional usage billed at \$3.15 per 1,000 gallons	
Sewer only:	
Quarterly billing	30.00
Bi-monthly billing	20.00

Charter Township of Canton

**Federal Awards
Supplemental Information
December 31, 2004**

Charter Township of Canton

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Plante & Moran, PLLC
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Independent Auditor's Report

To The Board of Trustees
Charter Township of Canton

We have audited the basic financial statements of the Charter Township of Canton for the year ended December 31, 2004 and have issued our report thereon dated April 1, 2005. Those basic financial statements are the responsibility of the management of the Charter Township of Canton. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Charter Township of Canton taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

April 1, 2005



A worldwide association of independent accounting firms

Report Letter on Compliance with Laws and Regulations and Internal Control - Basic Financial Statements

To The Board of Trustees
Charter Township of Canton

We have audited the financial statements of the Charter Township of Canton as of and for the year ended December 31, 2004 and have issued our report thereon dated April 1, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Charter Township of Canton financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter Township of Canton internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To The Board of Trustees
Charter Township of Canton

This report is intended solely for the information and use of the audit committee, board of directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

April 1, 2005



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Report Letter on Compliance with Laws and Regulations and Internal Control - Major Federal Awards

To The Board of Trustees
Charter Township of Canton

Compliance

We have audited the compliance of the Charter Township of Canton with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal program(s) for the year ended December 31, 2004. The major federal programs of the Charter Township of Canton are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Charter Township of Canton management. Our responsibility is to express an opinion on the Charter Township of Canton compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter Township of Canton compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Charter Township of Canton compliance with those requirements.

In our opinion, the Charter Township of Canton complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

To The Board of Trustees
Charter Township of Canton

Internal Control Over Compliance

The management of the Charter Township of Canton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Charter Township of Canton internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, board of directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

April 1, 2005

Charter Township of Canton

Schedule of Expenditures of Federal Awards Year Ended December 31, 2004

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures
U.S. Department of Housing and Urban Development -			
Community Development Block Grant:	14.218	N/A	
Program year 1999-B-99-MC-26-0039			\$ 54
Program year 2000-B-00-MC-26-0039			4,005
Program year 2001-B-01-MC-26-0039			8,438
Program year 2002-B-02-MC-26-0039			40,964
Program year 2003-B-02-MC-26-0039			72,933
Program year 2004-B-02-MC-26-0039			<u>332,212</u>
Total U.S. Department of Housing and Urban Development			458,606
U.S. Department of Justice:			
Byrne Formula Grant Program:			
Western Wayne Criminal Investigations - Program year 2004	16.579	N/A	36,011
Passed through State of Michigan - Mobile Home Parks community policing strategies	16.579	DOJ/MODCP #9XDBVX0026	29,895
Mobile Home Parks II		#LLEBG 2005-665	<u>8,760</u>
Total Byrne Formula Grant			74,666
Local Law Enforcement Block Grant Program	16.592	DOJ# 2003-LB-BX-0585	16,300
Passed through Southeastern Michigan HIDTA - HIDTA Program - Western Wayne Criminal Investigations	16.607	#100-690	81,000
Bulletproof Vest Partnership Grant	16.607	N/A	<u>1,692</u>
Total U.S. Department of Justice			173,658
Federal Highway Safety Administration - Passed through Downriver Community Conference Police Overtime for Seatbelt Enforcement	20.600	ALC OP 03 11 Drive	36,669
Federal Emergency Management Agency - Passed through Michigan Department of State Police:			
State and Local Assistance Grant - Program year 2004	97.042	None	18,536
Planning Grant-Hazard Mitigation Plan - Program year 2002	97.051	None	14,117
Homeland Security Grant Program:			
Program year 2003	97.001	None	9,700
Program year 2004	97.001	None	<u>2,809</u>
Total Homeland Security Grant Program			12,509
U.S. Department of Interior, National Park Service Thematic Survey Phase II	15.904	None	5,000
U.S. Environmental Protection Agency - Passed through Wayne County, Michigan - Rouge River National Wet Weather Demonstration Project-Round II - WET-01	66.606	X 995743-05-0	<u>421,018</u>
Total federal awards			<u>\$ 1,140,113</u>

Charter Township of Canton

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended December 31, 2004

Revenue from federal sources - As reported on financial statements	\$ 1,164,970
Add expenditures not reimbursed within 60 days of year end	14,156
Deduct revenue received in current year related to prior year expenditures	<u>(39,013)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 1,140,113</u>

Charter Township of Canton

Charter Township of Canton

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2004

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter Township of Canton and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount	
		Provided to Subrecipients	
Community Development Block Grant	14.218	\$	50,853

Charter Township of Canton

Schedule of Findings and Questioned Costs Year Ended December 31, 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major program(s):

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
66.606	National Wet Weather Demonstration Project

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

Charter Township of Canton

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2004

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

April 1, 2005

Board of Trustees
Charter Township of Canton
1150 South Canton Center Road
Canton, MI 48188-1699

Dear Board Members:

We have recently completed the audit of the financial statements of the Charter Township of Canton for the year ended December 31, 2004. As a result of the audit, we offer the following observations and comments for your consideration:

CASH BONDS AND DEPOSITS

Throughout the year, the Township regularly collects cash bonds and deposits from developers and residents. In response to a condition reported during prior years' audits, the Township has made attempts to make improvements within the cash bonds and deposits sub-ledger. However, we continue to note several matters during our testing that relate to the accounting for bonds and deposits in the Building and Engineering divisions. We met with both divisions and provided specific comments as a result of our testing performed. It is our understanding that both the Building and the Engineering divisions are in the process of reviewing its procedures related to bonds and deposits and will be working with the Finance Department throughout 2005 on the monthly reconciliation process between the sub-ledger and the Township's general ledger.

FINANCIAL MANAGEMENT SYSTEMS

The Township's financial management system is basically comprised of internally developed and maintained software programs. As the Township continues to grow and the volume/complexity of transactions increases, the Township should periodically review whether the current financial management system will meet all the future needs of the Township. The Township has developed customized programming to meet the needs of users (for example, bonds sub-ledger) and has also utilized other software products to maintain schedules and supporting accounting records (for example, tracking of fixed assets). There are opportunities to further integrate and automate data entry, maintenance of sub-ledgers and other off-line systems with the Township's general ledger. We continue to encourage the Township to review its options related to the financial management as appropriate given the significant investment in resources (time, money, training, etc.) associated with changes of this nature.

WATER PURCHASES

The Township experienced two water main breaks in 2004, which lasted for extended periods. The Township does review water units purchased to try to identify these issues. Main breaks are sometimes difficult to detect as a result of weather conditions, location, etc. In addition to using benchmarking data (comparing current water purchases to prior periods) as a technique to identify main breaks, there are computerized detection systems to assist with this effort. We understand that the Township has certain technology that it is attempting to utilize for this purpose.

GOLF COURSE FUND

Management reported that "rounds played" increased by approximately 5,000 from 2003. Even though standard rates did not change, various discounts were offered which limited the increase in operating revenue. As in prior years, the Golf Course Fund had a negative working capital position and a corresponding deficit in its unrestricted net assets at December 31, 2004. The Township should consider these financial results as part of its long-term planning and budgeting for this Fund. The State may require the Township to file a deficit elimination plan for this fund.

ARBITRAGE

The Township has had several debt issuances over the past few years for project purposes. The Finance Department has prepared arbitrage calculations to determine if there are any potential rebates required by Federal tax regulations. We compliment the Township for monitoring this issue and for performing the calculations. We recommend the Township consider working with its bond counsel to review these calculations given the complex Federal regulations governing this area and the increase in Internal Revenue Service audits of local governments.

35th DISTRICT COURT

During the past few years, the Township has received the following payments from the Court: \$490,000 in 2002, \$200,000 in 2003, and \$74,000 in 2004. We understand that the Township has been working with the Court regarding its operations, and changes are in process. We recommend that the Township continue working with the Court to determine a reasonable forecast of anticipated future revenue from this operation going forward.

INTERNAL CONTROL CONSIDERATIONS

During the audit, we noted the following regarding the internal control structure:

Payroll – It appears that any employee designated as a "timesheet reviewer" has the ability to edit wage rates through ETM, the Township's payroll system. When a wage rate has been changed directly in ETM, the system flags the change in certain circumstances by placing an asterisk next to the wage rate in the system. However, changes in the payroll software (which directly imports into ETM) are not flagged. The Township should consider changing the ETM options for supervisors/reviewers, which would prohibit changes to wage rates for employee timesheets they have reviewed. This should be restricted to specially identified payroll personnel for internal control purposes. Although the Township has identified one employee as being responsible for entering wage changes, their work should be reviewed.

Cash Receipts – The Treasurer's office does not have a formal policy of issuing a system-generated receipt. As proof of payment, the Township runs the customer's documentation (invoice, water and sewer stub) through the cash register which imprints the information from the transaction. In addition, when a customer pays in cash, their original invoice is Xeroxed, stamped paid, and returned to the customer. While these procedures do provide the customer with documentation of the payment, it does not allow for appropriate controls to ensure all cash collected ultimately gets deposited. The Township should give customers a receipt that is generated from the cash register, thus further ensuring that all receipts are entered into the register. To accomplish this, the Township would be required to input transactions as they are received. In addition, we recommend posting a policy visible to customers, which informs them of the requirement to be provided a system-generated receipt.

Additionally, it appears that the same individuals who collect the cash in the Treasurer's office also balance the cash drawers at the end of the day. Developing a system that provides for separate individuals for cash receipting and balancing of cash drawer would improve the segregation of duties. An option would be for the tellers at the end of the day to recount each others' drawers.

Accounts Payable – The ability to set up new vendors in the purchasing system without approval is one of the most common methods where frauds can occur within an organization. While the Township's vendor listing is reviewed yearly, there are no specific individuals designated to enter new vendors, but rather a new vendor could be set up by anyone with system access at any point. In addition, there are no triggers within the system that flag a "non-approved" vendor. The Township should consider a review of its system for creating and approving new vendors to determine if further controls are necessary. Also, we recommend providing an authorized signature listing for employees authorized to approve purchase orders or check requests to Accounts Payable, and updating this list periodically.

ACH Arrangements - In 2004, the Township implemented procedures as allowed by State law to make and accept electronic funds transfers (ACH payments). We reviewed the policies developed by the Township for ACH payments and noted that the same individual can both initiate and approve wire transfers. We suggest that the Township separate these functions.

GRANTS

While performing the audit of Community Development Block Grant (CDBG) and other federal expenditures, several items were noted that should be considered:

- During the audit, it was noted that the Township has multiple grants administered by different individuals. As some federal grants can be passed through other entities (i.e. the County or State), we recommend that one individual be designated as the coordinator of all grant activity (whether the grants are received directly from the federal government or through pass-through entities). In doing this, one individual can research and understand the applicable grant requirements and ensure that the Township administers the grant in compliance with the applicable requirements. While the Community Services division administers the Township's CDBG program, all grant activity is currently not being coordinated by them. Lastly, those individuals administering grant activity should also initiate communication with Finance Department personnel regarding changes/developments with grants, budgeting of grants and reconciliation of detail grant activity to the general ledger.

GRANTS (continued)

- Grant agreements require approval for each invoice. During testing, we noted several invoices in which approval by the appropriate individual was not formally documented on the invoices.
- The Wet Weather grant was a new grant to the Township. As a result, we noted the following matters that the Township should consider when administering this grant in the future, including: granting agency pre-approval of contractor; advertisement and/or publication of need to demonstrate the ability to meet the certain grant goals (i.e. disadvantaged business enterprise participation) and other specification requirements; verification of debarment status for applicable contractors.

VILLAGE THEATER

As operations began at the Village Theater of Cherry Hill during 2004, the Finance Department requested that certain procedures be performed in relation to the Theater's operations and cash collection procedures. We have provided comments and recommendations in a separate report regarding its policies and procedures related to cash collection and certain other aspects of its operations.

STATE FUNDING OVERVIEW AND IMPACT ON TOWNSHIP'S BUDGET

The State's budget situation remains troublesome. In December 2004, the State announced a shortfall in projected revenue for its current fiscal year (2004/2005) projected revenue of approximately \$370 million. In 2005, the Governor issued an Executive Order to remedy this shortfall and revenue sharing payments to local governments were not reduced further. In February 2005, the Governor also presented her fiscal year 2005/2006 budget. This budget faced a "shortfall" (defined as the difference between projected revenue for FY 05/06 and the current cost of government services) of \$773 million. The total budgeted amount for both constitutional and statutory revenue sharing is approximately \$1.1 billion, which is basically the fiscal year 04/05 funding level. In essence, no further reductions to revenue sharing below the current FY 04/05 funding level were being proposed. While it is expected that revenue sharing payments on an individual community by community basis will be funded at last year's level, the revenue sharing act will require an amendment to accomplish distribution in this manner.

While revenue sharing payments may remain at last year's level, continued caution should be exercised when budgeting this line item. There is still much to take place in the legislative process before this budget becomes law (not to mention the continued uncertainty with Michigan's economy despite the positive economic results experienced by other large states). Normally, the State's budget is approved in June for the fiscal year that begins the following October. Last year, given the challenging budget landscape faced by the State, the budget was not approved until September and was accompanied by considerable debate. This year may be no different. In fact, in May 2005, another reduction to revenue sharing payments of approximately two percent of total payments (5 percent of statutory revenue sharing payments) was proposed by the Senate.

STATE FUNDING OVERVIEW AND IMPACT ON TOWNSHIP'S BUDGET (continued)

Revenue sharing for fiscal year 2004/2005 and fiscal year 2005/2006 is over \$500 million less annually than amounts provided for in law and based on actual sales tax collections. Based on the State's current budget situation, a return to past funding levels is not likely in the foreseeable future. State shared revenue accounted for approximately 29% of the Township's total General Fund revenue for the calendar year ended December 31, 2004. The following depicts the Township's actual and estimated revenue sharing payments over a five year period – from the State's fiscal year ending September 30, 2001 through the fiscal year ending September 30, 2006.

AMOUNTS in 000's	Actual FY 00/01	Actual FY 01/02	Actual FY 02/03	Actual FY 03/04	Estimated FY 04/05	Estimated FY 05/06
Constitutional	\$ 4,956	\$ 5,006	\$ 5,091	\$ 5,035	\$ 5,183	\$ 5,414
Statutory	2,261	2,087	1,789	1,148	953	722
Total payments	<u>\$ 7,217</u>	<u>\$ 7,093</u>	<u>\$ 6,880</u>	<u>\$ 6,183</u>	<u>\$ 6,136</u>	<u>\$ 6,136</u>
Dollar change		\$ (124)	\$ (213)	\$ (697)	\$ (47)	\$ -
Percentage change		-1.72%	-3.00%	-10.13%	-0.76%	0.00%

While the Township's constitutional revenue sharing payments have been increasing slightly each year, the statutory piece of revenue sharing has dropped approximately \$1.5 million since 2001. This has clearly impacted the Township's ability to finance operations and capital spending. While the Township is currently in good financial condition, we would encourage the Township to continually review its long range financial plans through the use of a five year plan model in order to ensure continued financial viability over the long-run given the shortcomings in the system of financing local government in Michigan.

RETIREE HEALTH CARE BENEFITS AND GASB 45

The Governmental Accounting Standards Board (GASB) has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. These new rules will only impact the individual fund based financial statements to the extent municipalities choose to fund this cost in advance. Therefore, the manner in which retiree health care benefits are budgeted will not change, unless you begin funding the benefits. As the Township began several years ago attempting to advance fund this obligation, we encourage the Township, as part of its preparation for the implementation of GASB 45, to consider exploring soon with the assistance of an actuary the impact of this pronouncement on the Township. The earliest required potential implementation date of the new pronouncement is the year ended December 31, 2007.

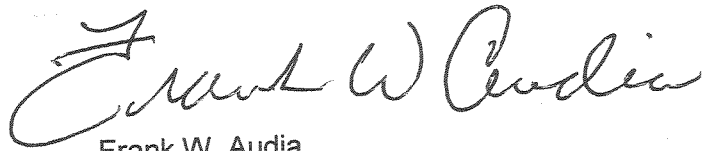
Board of Trustees
Charter Township of Canton

April 1, 2005

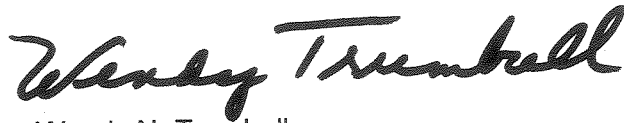
We would like to thank you and your staff again this year for their preparedness, cooperation, and assistance that they provided during the audit. If you have any questions, or would like to discuss these items further, please feel free to contact us at your convenience.

Yours truly,

PLANTE & MORAN, PLLC

A handwritten signature in black ink, appearing to read "Frank W. Audia". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Frank W. Audia

A handwritten signature in black ink, appearing to read "Wendy N. Trumbull". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Wendy N. Trumbull